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Daily Report

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CONTENTS

5 July 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL

General

Government Demands All Rights Under GATT [XINHUA]	1
NPC's Chen Muhua Meets Visiting UNICEF Director [XINHUA]	1
Beijing 'Successful' in Using World Bank Loans [XINHUA]	2
U.S. Senate Votes To Keep Bosnian Arms Embargo [XINHUA]	2
President Clinton Optimistic About Upcoming G-7 Summit [XINHUA]	3
U.S. Delegation Arrives in Vietnam on POW Issue [XINHUA]	3

United States & Canada

Spokesman Condemns U.S. on Intellectual Property Rights [XINHUA]	3
MOFTEC Spokesman on U.S. Section-301 Investigation [XINHUA]	4
'News Analysis' Views Washington's 'Dollar Dilemma' [XINHUA]	4
Columnist Urges U.S. To Lift Embargo on Cuba [RENMIN RIBAO 3 Jul]	5
Song Jian Receives Visiting U.S. Physicist 4 Jul [XINHUA]	6
NPC Vice-Chairman Meets U.S. Visitors [XINHUA]	6
U.S. Official Arrested For Selling Green Cards [XINHUA]	6

Central Eurasia

Qian Qichen, Belarusian Prime Minister Discuss Ties [XINHUA]	6
Qian Qichen Begins Visit to Lithuania [XINHUA]	6
Qian Meets Premier [XINHUA]	7
Qian Meets Parliament Head [XINHUA]	7
Qian Meets Foreign Minister [XINHUA]	7
Qian Meets President [XINHUA]	8
More on Brazauskas Meeting [XINHUA]	8
Qian Qichen Meets Estonian Prime Minister, Foreign Minister [XINHUA]	9
More on Meeting Premier [XINHUA]	9
More on Meeting Foreign Minister [XINHUA]	10
Qian Meets Estonian President [XINHUA]	10
Qian Concludes Visit to Estonia [XINHUA]	10
Ukraine Chairman Moroz Receives Chinese Ambassador [XINHUA]	11

Northeast Asia

Internal Document Reportedly Denies DPRK Nuclear Threat [Tokyo KYODO]	11
'Some' Progress in ROK-DPRK Pre-Summit Talks Noted [XINHUA]	12
ROK, DPRK Agree on Summit Procedures [XINHUA]	12
Commentary Welcomes DPRK-ROK Summit Meeting [RENMIN RIBAO 1 Jul]	13
Forum Viewing Future Sino-ROK Relations Closes [XINHUA]	13
Eastern Airlines Opens Jinan-Shanghai-Seoul Flight [XINHUA]	14
Seoul Reports Joint Aircraft Production Talks With Beijing [XINHUA]	14

Southeast Asia & Pacific

Cambodian Government Foils Early Morning Coup [XINHUA]	14
Radio Reports Coup Thwarting [Beijing International]	14
PLA Chief Meets Indonesian Armed Forces Leader [XINHUA]	14

Liu Huaqing Views Improving Military Ties With Indonesia <i>[XINHUA]</i>	15
Singapore Plan for Suzhou Industrial Park Viewed <i>[XINHUA]</i>	15
Spokesman Views SRV's Detaining of Fishing Boats <i>[XINHUA]</i>	15
Second Round of Sino-Vietnamese Land Boundary Talks End <i>[XINHUA]</i>	16

Near East & South Asia

Acting Premier Zhu Rongji Meets Egyptian Minister <i>[XINHUA]</i>	16
PLA Chief of General Staff Meets Israeli Guest <i>[XINHUA]</i>	16
Liu Huaqing Meets Israeli Army Officer <i>[XINHUA]</i>	16
State Councilor Luo Gan Ends Libyan Visit <i>[XINHUA]</i>	16
PLO Leader 'Arafat Returns to Gaza Strip <i>[XINHUA]</i>	17

West Europe

Prime Minister Li Peng Visits Austria	17
Meets Austrian Reporters <i>[XINHUA]</i>	17
Comments on DPRK Talks <i>[XINHUA]</i>	18
Stresses Continued Political Reform <i>[XINHUA]</i>	18
More on Economic Reform <i>[XINHUA]</i>	19
Li Visits Chancellor <i>[CHINA DAILY 1 Jul]</i>	19
Urges Greater Participation in Market <i>[XINHUA]</i>	20
Assures Entrepreneurs of IPR Protection <i>[XINHUA]</i>	20
Meets National Council President <i>[XINHUA]</i>	21
Li, Vranitzky Visit Salzburg <i>[Beijing International]</i>	21
Li Meets Friendship Association Chairman <i>[Beijing Radio]</i>	21
Li Meets PRC Embassy Personnel <i>[XINHUA]</i>	21
Li Peng Departs Austria for Germany <i>[XINHUA]</i>	22
Li Lanqing Holds Talks With Austrian Economic Minister <i>[XINHUA]</i>	22
Denmark Loans \$30 Million for Technology Imports <i>[CHINA DAILY 2 Jul]</i>	22
Qian Qichen Meets Finnish President 3 Jul <i>[XINHUA]</i>	23
Meets Finnish Counterpart <i>[XINHUA]</i>	23
Ends Visit to Finland <i>[XINHUA]</i>	24
France To Renew Trade Aid to China <i>[AFP]</i>	24
Minister Signs \$109-Million Trade Deal <i>[AFP]</i>	24
Businessmen Sign Contracts <i>[XINHUA]</i>	25
Jiang Zemin Stresses Importance of Ties With France <i>[XINHUA]</i>	25
Jiang Meets Trade Minister <i>[XINHUA]</i>	25
Premier Li Peng Arrives in Germany <i>[XINHUA]</i>	26
Further on Arrival <i>[XINHUA]</i>	26
Li Peng, Kohl Begin Talks in Bonn 4 Jul <i>[XINHUA]</i>	26
Discuss Ties <i>[XINHUA]</i>	26
Leaders Sign Trade Documents <i>[XINHUA]</i>	27
Sign Pact on Infrastructural Cooperation <i>[XINHUA]</i>	27
Germany's Kohl Hosts Banquet for Li Peng <i>[XINHUA]</i>	28
More on Banquet <i>[XINHUA]</i>	30
Li Peng Meets With German SPD Chairman Scharping <i>[XINHUA]</i>	30
Sino-German Economic Talks Held in Bonn <i>[XINHUA]</i>	30
NPC's Tian Jiyun Receives German Economic Figure <i>[XINHUA]</i>	31

NATIONAL AFFAIRS**Political & Social**

Qian Qichen Arrives in Beijing 4 Jul <i>[XINHUA]</i>	32
Zhu Rongji Chairs State Council Meeting <i>[XINHUA]</i>	32
Jiang Zemin Gives Speech on Studying Marxism <i>[XINHUA]</i>	32
Li Ruihuan, Hu Address Religious Affairs Class <i>[XINHUA]</i>	36
Bo Yibo's 'Shock' Criticism of Marxism-Leninism <i>[Hong Kong CHENG MING 1 Jul]</i>	36
Qiao Shi Attends Function To Raise Funds for Orphans <i>[XINHUA]</i>	37
Li Lanqing Inspects Xinjiang University <i>[Urumqi TV]</i>	37

Peng Peiyun on 'Fewer Births, Greater Prosperity' <i>[XINHUA]</i>	38
'Source' Says Deng 'Resting' in Shandong Province <i>[Hong Kong SOUTH CHINA MORNING POST 5 Jul]</i>	38
Deng Said To Criticize Economic 'Slowdown' <i>[Hong Kong SOUTH CHINA MORNING POST 4 Jul]</i>	38
Draft Labor Laws, Copyright Issues Recommended	39
NPC Revises Draft Laws <i>[XINHUA]</i>	39
Adopts Labor, Real Estate, Copyright Laws <i>[XINHUA]</i>	39
Urge 'Tougher Punishments' on Copyrights <i>[XINHUA]</i>	40
Final State Account Submitted To Full Legislature Meeting <i>[XINHUA]</i>	40
Reasons for Delay of Party Plenum Examined <i>[Hong Kong CHENG MING 1 Jul]</i>	40
Two Former Officials Executed for Corruption <i>[XINHUA]</i>	42
Released Dissident Chen Ziming Still 'Restricted' <i>[Hong Kong MING PAO 5 Jul]</i>	42
'Experts' Say Family 'Becoming Smaller' <i>[XINHUA]</i>	42
Beijing Undertakes Efforts for AIDS Prevention, Control <i>[XINHUA]</i>	43
Official: Beijing Taking 'Active Part' in AIDS Fight <i>[XINHUA]</i>	44
Nearly 250,000 Drug Addicts Registered <i>[ZHONGGUO XINWEN SHE]</i>	44
Commentator's Article on Maintaining Stability <i>[XINHUA RIBAO 12 Jun]</i>	44
Civil Affairs Minister Hears Reports on Flood <i>[Nanning Radio]</i>	45
Areas Along Huang He 'Well Prepared' for Floods <i>[XINHUA]</i>	46
Commentator's Article Salutes Flood Fighters <i>[RENMIN RIBAO 29 Jun]</i>	46
ZHUHAI WANBAO To Start Publication in August <i>[Hong Kong HSIN WAN PAO 30 Jun]</i>	47
State Education Commission To Reduce Teaching Hours <i>[XINHUA]</i>	47
CPC Figure Views Nation's Social, Economic Reform <i>[XINHUA]</i>	48

Science & Technology

Beijing Launches Satellite 3 July <i>[XINHUA]</i>	49
Launch Performed 'Successfully' <i>[XINHUA]</i>	49
Satellite for 'Scientific Surveys' <i>[XINHUA]</i>	49

Economic & Agricultural

Zhu Rongji Reports on Economic Situation <i>[XINHUA]</i>	49
Li Ruihuan Urges Measures To Curb Arable Land Misuse <i>[XINHUA]</i>	50
Chen Junsheng Urges Vigilance Against Flooding <i>[XINHUA]</i>	50
State Councillor Urges Control of Soil Erosion <i>[CHINA DAILY 2 Jul]</i>	51
Minister Says Deficit 'Less Than Budgeted Figure' <i>[XINHUA]</i>	51
'Central Leader' on Strategy for Fighting Inflation <i>[Hong Kong TA KUNG PAO 2 Jul]</i>	51
Officials Strive To Keep Inflation Below 13 Percent <i>[Hong Kong WEN WEI PO 30 Jun]</i>	52
Article Sees Renewed Emphasis on Central Planning <i>[Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) 3 Jul]</i>	53
Article Foresees Stable Economic Development in 1994 <i>[ZHONGGUO XINWEN SHE]</i>	54
South China Resumes Production Following Floods <i>[XINHUA]</i>	55
Coastal, Interior Areas Achieve 'Faster' Growth <i>[XINHUA]</i>	55
Controversy 'Erupts' Among Economists <i>[Hong Kong KUANG CHIAO CHING 16 Jun]</i>	56
Draft Law To Extend Power of Auditors <i>[CHINA DAILY 2 Jul]</i>	59
SEZs Promote Development of Other Regions <i>[XINHUA]</i>	59
State-Owned Construction Businesses To Gain Markets <i>[XINHUA]</i>	60
Liaoning's Anshan Revitalizes State Enterprises <i>[CHINA DAILY 5 Jul]</i>	60
Flea Markets Emerge as People Move Into New Houses <i>[XINHUA]</i>	62
Criteria Set for Foreign Car-Makers' Ventures <i>[CHINA DAILY 5 Jul]</i>	62
Preferential Treatment for Automobile Imports Ended <i>[Hong Kong WEN WEI PO 2 Jul]</i>	63
Association Established To Protect Copyrights <i>[CHINA DAILY 2 Jul]</i>	64
Economist Blames Inflation for Higher Trade Deficit <i>[CHINA DAILY (BUSINESS WEEKLY) 3-9 Jul]</i>	64
Stronger Yen Will Not Hurt Foreign Debt Repayment <i>[CHINA DAILY (BUSINESS WEEKLY) 3-9 Jul]</i>	65
Conference Views Import, Export Inspection System <i>[ZHONGGUO XINWEN SHE]</i>	66
Policy on Foreign Investment in Tertiary Industry <i>[ZHONGGUO XINWEN SHE]</i>	66

Shanghai Reports Big Increase in Imports, Exports <i>[XINHUA]</i>	67
Securities Commission Head Reportedly To Be Replaced <i>[Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) 5 Jul]</i>	67
Export-Import Bank Starts Operations on 1 July <i>[CHINA DAILY (BUSINESS WEEKLY) 3-9 Jul]</i>	68
Central Authorities Seek Tighter Credit Controls <i>[Hong Kong SOUTHERN CHINA MORNING POST 4 Jul]</i>	68
Central Bank To Strengthen Control Over Investments <i>[CHINA DAILY (BUSINESS WEEKLY) 3-9 Jul]</i>	69
Government Acts To Limit Illegal Gold Trading <i>[CHINA DAILY 5 Jul]</i>	69
Industrial Output Up 19	70
Airlines Boost Fleets With 17 New Planes <i>[XINHUA]</i>	71
Onshore Oil Output Hits 'Record High' <i>[XINHUA]</i>	71
Shengli Oilfield Developing Offshore Oil <i>[XINHUA]</i>	72
Government To Restrict Steel Trading Due to Surplus <i>[CHINA DAILY 5 Jul]</i>	72
Ministry Reports Steel Production Up in First Half <i>[XINHUA]</i>	72
Anshan Steel Center Seeking Foreign Cooperation <i>[XINHUA]</i>	73
Provinces Target Upgrading Telecommunications <i>[XINHUA]</i>	73
Regulations on Company Formation Issued <i>[CHINA DAILY 1 Jul]</i>	74
Beijing Issues New Rules on Automobile Imports <i>[XINHUA]</i>	74
Beijing-Sanya Airline Route Opened 24 Jun <i>[XINHUA]</i>	74
Agricultural Exporters Required To Bid for Licenses <i>[CHINA DAILY 2 Jul]</i>	75
State To Lease 'Damaged' Land to Foreigners <i>[CHINA DAILY (BUSINESS WEEKLY) 3-9 Jul]</i>	75
Farmers' Associations Boost Rural Markets <i>[XINHUA]</i>	76
Beijing To Raise Forestry Coverage to 15 Percent <i>[XINHUA]</i>	76

REGIONAL AFFAIRS

East Region

Fujian Leaders Urge Greater Help for Poor Areas <i>[Fuzhou Radio]</i>	77
Fujian Province Plans Investments in Power Industry <i>[XINHUA]</i>	77
Jiangsu Governor on Spiritual Civilization <i>[XINHUA RIBAO 25 Jun]</i>	77
Jiangsu Balances Land Occupation, Reclamation <i>[XINHUA]</i>	78
Circular Bans 'Luxury' Cars for Leading Zhejiang Cadres <i>[ZHEJIANG RIBAO 25 Jun]</i>	78
Shandong Secretary Addresses Veteran Cadres Meeting <i>[Jinan Radio]</i>	78
Shanghai Police Drop Libel Suit Against Journalist <i>[Hong Kong EASTERN EXPRESS 4 Jul]</i>	79
Overseas Investment in Shanghai Rises to 'Second Place' <i>[XINHUA]</i>	80
Nation's East Region Building 2d North-South Railway <i>[XINHUA]</i>	80

Central-South Region

Governor Says Guangdong To Speed Up Modernization <i>[XINHUA]</i>	80
Guangdong Secretary Addresses Commendation Rally <i>[Guangzhou Radio]</i>	81
Guangdong Secretary Commends Outstanding CPC Members <i>[Guangzhou Radio]</i>	82
Guangdong Insurance Plan To Help 'Redundant' Workers <i>[Hong Kong SOUTHERN CHINA MORNING POST 4 Jul]</i>	82
Governor: Guangdong To Facilitate Hong Kong's Prosperity <i>[XINHUA]</i>	82
Floods Cost Guangxi 14.7 Billion Yuan in Losses <i>[ZHONGGUO XINWEN SHEJ]</i>	83
Hainan Secretary Addresses Commendation Meeting <i>[Haikou Radio]</i>	83
Hainan Provincial Meeting on Taiwan Affairs Ends <i>[Haikou Radio]</i>	84
Sanya International Airport Opens in Hainan Province <i>[XINHUA]</i>	85
Commentary on Role, Functions of Hainan SEZ <i>[HAINAN RIBAO 24 Jun]</i>	85
Henan Secretary Addresses Economic Work Meeting <i>[Zhengzhou Radio]</i>	86
S&T Plays 'Greater Role' in Hunan Growth <i>[XINHUA]</i>	87
Hubei Agricultural Work Conference Concludes <i>[Wuhan Radio]</i>	87
Shenzhen: 'Big Increase' in Major Economic Indices <i>[XINHUA]</i>	89
Economic Growth of Shenzhen Enhances Inland Areas <i>[XINHUA]</i>	89

Southwest Region

Chongqing-Lhasa Air Service Inaugurated	<i>[XINHUA]</i>	90
Guizhou Governor Calls for Better Land Use Efforts	<i>[Guyang Radio]</i>	90
Sichuan International Trade Fair Ends	<i>[XINHUA]</i>	91
Sichuan Reports 'Good Harvest' From Spring Crops	<i>[XINHUA]</i>	91
Sichuan Secretary Attends Investment, Trade Fair Opening	<i>[Chengdu Radio]</i>	91
Sichuan CPC Officials Commend Party Members	<i>[Chengdu Radio]</i>	91
Party Branch Educates Tibetan Villagers in Splittism	<i>[Lhasa Radio]</i>	92
Yunnan Governor Plans To Help Loss-Making Firms	<i>[Kunming Radio]</i>	92
Yunnan Court Chief To Continue Fight Against Drugs	<i>[Kunming Radio]</i>	92

North Region

Beijing Secretary Discusses Use of Foreign Funds	<i>[BEIJING RIBAO 16 Jun]</i>	93
Beijing To Adopt Unemployment Insurance	<i>[XINHUA]</i>	94
Beijing Holds Meeting on Ending Deficits	<i>[BEIJING RIBAO 24 Jun]</i>	94
Beijing Home to 160 Overseas Enterprises	<i>[ZHONGGUO XINWEN SHE]</i>	96
Inner Mongolia Official on Current Industry	<i>[NEIMENGGU RIBAO 21 Jun]</i>	96
Highway Port Under 'Smooth Construction'	<i>[NEIMENGGU RIBAO 22 Jun]</i>	97
Tianjin Secretary on Investigation, Study Work	<i>[Tianjin Radio]</i>	98
Tianjin Passes Death Sentence on Heroin Dealers	<i>[TIANJIN RIBAO 25 Jun]</i>	99
Tianjin Cracks Down on More Economic Crimes	<i>[Tianjin Radio]</i>	99

Northeast Region

Liaoning's Achievements in Land System Reform	<i>[LIAONING RIBAO 21 Jun]</i>	99
Liaoning Cracks Down on More Criminal Cases	<i>[Shenyang Radio]</i>	100
Export Commodity Fair Opens in Dalian	<i>[XINHUA]</i>	100

Northwest Region

Gansu Secretary Speaks at Enterprise Conference	<i>[Lanzhou Radio]</i>	100
Huaihe River Bridge Construction Updated in Henan	<i>[XINHUA]</i>	101
Shaanxi Leaders Stress Capital Construction, Education	<i>[Hong Kong WEN WEI PO 17 Jun]</i>	101
Shaanxi Building Chemical Product Trade Center	<i>[XINHUA]</i>	102
Xinjiang Export Commodities Fair Closes in Kazakhstan	<i>[XINHUA]</i>	102
Uygur Region Reports Good Results in Animal Husbandry	<i>[XINHUA]</i>	102

HONG KONG & MACAO

Hong Kong

CPC Said Planning To Deal With 'Hostile Forces' Before '97		
<i>/Hong Kong LIEN HO PAO 5 Jul]</i>		103

Macao

Macao To Close DPRK's Mission Over Counterfeit Case	<i>/Seoul YONHAP]</i>	103
Journalists Urge Investigation of Press Freedom Violations		
<i>/Hong Kong SOUTH CHINA MORNING POST 5 Jul]</i>		103
Government To Rehire Fired Human Rights Campaigner		
<i>/Hong Kong EASTERN EXPRESS 5 Jul]</i>		104

General

Government Demands All Rights Under GATT

OW0207040894 Beijing XINHUA in English 0352
GMT 2 Jul 94

[Text] Geneva, July 1 (XINHUA)—China today again demanded that the General Agreement on Tariffs and Trade (GATT) offer it all the rights enjoyed under GATT, with a balance between such rights and the obligations stemming from them.

Gu Yongjiang, head of the Chinese delegation and vice-minister of foreign trade and economic cooperation, made these demands after the 17th meeting of the GATT committee responsible for talks on China's reentry into the world trade group.

Gu added that China should enjoy all GATT rights, including the rights GATT has offered to developing nations, and that China's obligations should not be more than those incumbent on other developing nations.

He also called for early talks on these issue to achieve the goal of resuming China's GATT membership by the end of this year.

Gu suggested that the committee work out a balanced and reasonable draft protocol on the basis of decisions made during the four-day meeting here.

The trade vice-minister said China will present a package of formulas as soon as possible on the basis of multi-party and bilateral talks on the issue. These formulas will include a revised tariff list for agricultural products and services and protocol articles acceptable for China's reinstatement.

During the meeting, Egypt, Uruguay, Brazil, Pakistan, India, Burma and Cuba as well as representative of the Association of Southeast Asian Nations voiced their full support for restoring China's GATT membership and China's demand for the same GATT rights as other developing nations.

They also said the requirements for China's reentry should be balanced and fair.

The 18th meeting of the committee will be held at the end of this month.

After five days of informal consultations on the protocol articles for China's reentry, Long Yongtu, secretary general of the Chinese delegation, described the negotiations as "extremely tough".

He said that under some of the articles China will not enjoy the GATT rights granted to developing nations, and these articles are therefore utterly unacceptable.

At the last session of consultations, long said China will only accept the obligations that GATT asks of other developing nations.

NPC's Chen Muhua Meets Visiting UNICEF Director

OW0407141594 Beijing XINHUA in English 1359
GMT 4 Jul 94

[Text] Beijing, July 4 (XINHUA)—Chen Muhua, vice-chairman of China's National People's Congress (NPC) Standing Committee, today expressed the hope that fruitful cooperation between the United Nations Children's Emergency Fund (UNICEF) and China will grow.

Meeting with J. Grant, UNICEF's executive director, at the Great Hall of the People here this afternoon, Chen thanked him for offering assistance to the cause of the development of China's children.

Chen, who is also president of the All-China Women's Federation, expressed appreciation for the cooperation between China and UNICEF in the past decade.

She said: "It is our hope that such friendly cooperation will expand further and UNICEF will continue to fully extend assistance to China's children's cause."

Since 1980, UNICEF has provided China with a total of 200 million U.S. dollars of technical assistance, mainly used in developing children's health protection, basic education, the recovery of wounded and handicapped children and the welfare cause in China.

The cooperative projects have spread to every province of the country.

Chen said while drawing up its 1996-2000 cooperative program with China, UNICEF will grant more aid to China because it has a large population and great needs.

During the meeting, Chen briefed grant and his party on the preparations that China is making for the Fourth World Conference on Women to be held here in 1995. She also discussed with them how to realize the goals of the 1990s program for children's development in China.

Grant noted that China has scored remarkable achievements in fulfilling the targets stipulated in the program. But it still needs to continue its efforts to implement the mid-term target completely, which he said was of great significance.

He described the fourth world conference on women as a grand meeting and wished it full success.

Grant and his party arrived here yesterday as guests of the ministry of foreign trade and economic cooperation.

Today, grant met successively with Zheng Silin, vice-minister of foreign trade and economic cooperation, Chen Minzhang, minister of public health, and Zhu Kaixuan, minister in charge of the State Education Commission.

Beijing 'Successful' in Using World Bank Loans

*OW0307140194 Beijing XINHUA in English 1310
GMT 3 Jul 94*

[Text] Beijing, July 3 (XINHUA)—China has successfully used World Bank loans to develop the energy industry, with satisfying results in the implementation of related projects.

An official of the Ministry of Finance told XINHUA that by April 30 this year, the World Bank had approved 2.8 billion U.S. dollars in loans for China's 19 energy projects.

The figure accounted for nearly 17 percent of the total World Bank loans to China. Statistics show that China has secured a total of 16.57 billion dollars in World Bank loans since it regained its membership in the international financial institution 14 years ago.

These grants have been pumped into 131 projects covering the areas of agriculture, communications, energy, industry, finance and social development as well as technical assistance, said the official, who is in charge of the energy projects.

The energy sector is the third biggest user of World Bank loans, ranking only after agriculture and communications, according to the official. Most of the projects have met their targets and thus contributed to the development of China's energy industry.

For example, the first four generating units of the Lubuge hydro-power station, China's first key project supported by world bank loans, were put into operation in 1991, 106 days ahead of schedule. The four units of the power station on the Huangni River bordering the provinces of Yunnan and Guizhou have a total capacity of 600,000 kw.

International bidding was then invited for the construction of the station and advanced management means were adopted in the project, bringing new ideas to the management reform that was being carried out across China.

The station has so far produced more than 10 billion kwh of electricity, the official added.

She said that the 10 other projects which are still under construction are showing good progress.

Using World Bank loans to develop China's energy industry symbolizes the principle of mutual benefit, the official said. The World Bank loans, in the first place, make up for the shortage of domestic investment in this fast-expanding industry.

With long terms and preferential interest rates, the World Bank loans can well meet the demands of China's energy projects, which assure stability in terms of economic interests and related investment, she said.

She believed the use of World Bank loans also helps to promote the reform of the energy industry. More scientific management methods were brought into China's energy industry. Both international and domestic bidding, and project management, have now become common practices, she said.

In its fourth review of China's state projects last year, the World Bank expressed satisfaction with the implementation of energy projects.

China has become the World Bank's biggest borrower as well as one of the best. The Financial Ministry said that the distribution of the World Bank loans reflects the Chinese Government's industrial policy and investment orientation, and the projects, either completed or unfinished, will play a positive role in promoting China's economic and social development.

China has been trying hard to explore new ways to cooperate with the World Bank in the energy sector and, with the Yangzhou Power Station project, has for the first time adopted expanded co-financing.

It is believed that this method will gradually be used in communications, railways and other infrastructural projects which could generate sizable economic benefits.

The ministry said that China's satisfactory performance in implementing the projects has formed a good basis for continued use of world bank loans in the future, in the hope that such cooperation will be further strengthened and developed.

U.S. Senate Votes To Keep Bosnian Arms Embargo

*OW0107194594 Beijing XINHUA in English 1750
GMT 1 Jul 94*

[Text] Washington, July 1 (XINHUA)—The U.S. Senate voted today to maintain a U.N. arms embargo against Bosnia, which spared President Bill Clinton a foreign policy embarrassment days before his trip to Europe.

The lawmakers voted 52-48 on a measure that says the U.S. should work for peace in the Balkans and only consider ending the ban along with allies later.

Many lawmakers have earlier urged Clinton to unilaterally lift the ban and give arms to the Muslim-dominated Bosnian Government, which Washington considers to be the "grieved party" in the bloody war that raged for more than two years.

Clinton starts his third European trip this year next Tuesday [5 July]. He will first stop in Riga, Latvia, and later Warsaw, Poland, enroute to the G-7 summit in Naples, Italy.

After Italy, Clinton will visit Germany.

5 July 1994

INTERNATIONAL

3

President Clinton Optimistic About Upcoming G-7 Summit

*OW0107194494 Beijing XINHUA in English 1827
GMT 1 Jul 94*

[Text] Washington, July 1 (XINHUA)—Despite the dollar's dive, U.S. President Bill Clinton, in an interview with BUSINESS WEEK published today, said he was optimistic for the upcoming summit of the Group of Seven industrial nations.

"I'm concerned about (the dollar's dive)," Clinton said. "We are not indifferent to the value of our currency, but we think the fundamental strength in our economy is something that should inspire confidence."

"I never wanted to use the dollar to reduce the trade deficit," the President stressed. "I don't think that a country can devalue its way to prosperity."

The President, talking about the G-7 summit for the first time in public, said that he saw the July 8-10 meeting in Naples, Italy, as "putting in place a framework for where the advanced countries will be going in the 21st century."

Clinton, in the June 29 interview, expressed the belief that the G-7 nations, which groups the U.S., Japan, Germany, Italy, France, Canada and Britain, can accommodate more growth without inflation.

U.S. Delegation Arrives in Vietnam on POW Issue

*OW0107195694 Beijing XINHUA in English 1527
GMT 1 Jul 94*

[Text] Hanoi, July 1 (XINHUA)—A high-level U.S. Government delegation today called on the Vietnamese Government to put more effort into helping to locate the U.S. soldiers and prisoners of war who were listed as missing in action during the Vietnam war.

During a four-day visit here that starts today, the delegation will discuss the issue with Vietnamese Foreign Minister Nguyen Manh Cam, his deputy Le Mai and Defense Minister Doan Khue.

The U.S. has been informed of the progress made in locating the American soldiers and POW's during previous contacts with Vietnamese leaders, and so the aim of this particular mission is to facilitate the progress towards a final solution, said Hershel Gober, deputy secretary at the Department of Veteran Affairs, who is heading the delegation.

This is the highest-level U.S. delegation sent here since February when President Clinton announced the lifting of a 30-year-old embargo against Vietnam.

During the Vietnam war, a total of 2,239 American soldiers were reported as missing in action in Indo-China, including 1,648 in Vietnam.

As a result of 30 joint investigations by the U.S. and Vietnam spanning four years, most of the missing soldiers have been accounted for.

United States & Canada**Spokesman Condemns U.S. on Intellectual Property Rights**

*OW0107134294 Beijing XINHUA in English 1321
GMT 1 Jul 94*

[Text] Beijing, July 1 (XINHUA)—Chinese Government spokesmen today condemned as "irrational" and "unacceptable" a United States decision to list China as "a priority country" for investigation of its protection of intellectual property rights.

A Chinese Foreign Ministry spokesman and a spokesman for China's Ministry of Foreign Trade and Economic Cooperation made similar statements here on the issue.

Foreign Ministry Spokesman Shen Guofang said that China cannot accept the possible sanctions involving 800 million U.S. dollars worth of trade which could be triggered by the results of the investigation under Section 301 of the United States' Trade Law.

Both the ministry spokesmen recalled that China and the U.S. had held talks recently in Beijing on the protection of intellectual property rights.

During the discussion, they said, Chinese representatives reported in detail to the U.S. representatives on China's progress in intellectual property rights protection legislation, judicial execution and administrative protection.

The Chinese representatives answered all the questions in informal documents from the U.S. representatives, and told them about further arrangements being made for protecting intellectual property rights, the spokesmen said.

But the U.S. representatives insincerely kept raising irrational requirements and lacked a cooperative attitude, the two ministries' spokesmen said.

They noted that everyone knew that the Chinese Government completed its modern intellectual property rights protection legislation in a very short period, and joined in a series of international conventions, treaties and agreements—a process which had taken other countries, including the U.S., dozens of years or even more than a hundred of years.

In law-enforcement on this issue, the two spokesman said, the Chinese Government had also done its utmost. It had done a lot of work on the principle of "punishing all criminals who have violated the law and doing everything according to the law."

China had taken strong measures against actions which infringed intellectual property rights, to protect copyright owners' interests, the spokesmen said.

They added that everyone could see that the situation in China's intellectual property rights protection was good.

But the U.S. Government, disregarding these facts, had put China on the list of so-called priority countries according to its domestic law. The spokesmen pointed out that this was irrational, that China cannot accept it, and "we regret it."

The spokesmen at the two ministries pointed out that the practice adopted by the U.S. Government would harm economic and trade relations between the two countries—and the U.S. Government should bear all the responsibility for the results of this step.

MOFTEC Spokesman on U.S. Section-301 Investigation

OW0107131294 Beijing XINHUA Domestic Service in Chinese 1142 GMT 1 Jul 94

[Text] Beijing, 1 Jul (XINHUA)— A statement issued today by the spokesman of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] pointed out that the U.S. Government, applying its domestic law, had put China on the list of so-called "priority foreign countries" subject to special Section 301 investigations over its protection of intellectual property rights. This action is totally unreasonable and unacceptable.

The spokesman said: The Chinese and U.S. sides held negotiations recently in Beijing on the issue of protecting intellectual property rights. The Chinese delegates updated the U.S. team in great detail on the progress China has made in legislative, judicial, and administrative protection of intellectual property rights, specifically answered all questions raised in unofficial U.S. documents, and briefed it on additional steps China will take in the protection of intellectual property rights. The U.S. side, however, showed no good faith in the negotiations. It stubbornly stuck to its unreasonable demands and did not display a cooperative attitude.

He said: As everybody knows, the Chinese Government has completed a modern legal system for the protection of intellectual property rights in a short period of time and has signed a series of international conventions, treaties, and agreements, travelling a distance that has taken other countries, including the United States, scores of years, even a hundred years. In law enforcement, the Chinese Government also spared no efforts and did a great amount of work, ensuring that the law is enforced and those who violate it are dealt with. That the situation is good in China in regard to the protection of intellectual property rights is obvious to all. On 30 June, the U.S. Government, flying in the face of facts and arbitrarily applying its domestic law, put China on the list of the so-called priority foreign countries. This action is

totally irrational and unacceptable. China expresses its great regret over this action.

The spokesman pointed out: The practice adopted by the U.S. Government will harm economic and trade relations between the two countries and it should be held responsible for all the consequences arising therefrom.

'News Analysis' Views Washington's 'Dollar Dilemma'

OW0507002694 Beijing XINHUA in English 0003 GMT 5 Jul 94

[“News analysis” by Wang Nan: “To Act or Not To Act—Washington’s Dollar Dilemma”]

[Text] Washington, July 4 (XINHUA)—When the Federal Reserve, the U.S. central bank, convenes its open market committee meeting on Tuesday [5 July], attention will be focused on its mind-set on interest rates.

The Fed has raised short-term interest rates four times this year. But with a weak dollar, which fell to below the 100-yen level last week, raising interest rates is presumed to be able to work wonders.

And such a decision appears to be the only choice, with the failure of major Western central banks which intervened to buy three billion dollars recently.

But rate hike is believed to be able to choke off U.S. economic recovery, not a scene the Fed likes to see. President Clinton, meanwhile, was not particularly heartened by past rate increases, dismissing inflation danger as remote.

“The present danger is that the Fed will overreact to the declining dollar, raising interest rates to stabilize our currency at the expense of the domestic economy,” said Paul Krugman, a professor of economics at Stanford University.

A weak dollar will lead to expensive imports and trigger inflation, but imports now account merely 10 percent of the U.S. economy. It means that a 10 percent decline in the dollar will raise U.S. domestic prices by one percent.

Financial markets, which look into the future for what stocks and bonds worth today, cited U.S. budget deficit as a main reason for the dollar dive, but the deficit is now smaller relative to the national economy than before. The decline came at a time when confidence in greenbacks is stronger. Many key commodities, like oil, are denominated in dollars. The dollar bills outside U.S. territory are estimated to worth 190 billion dollars.

While many saw the situation as a vote of no-confidence in the Clinton administration's international economic policy, Washington maintained that the problem is with Japan. It said that it's the yen that's out of control.

Clyde Prestowitz, president of the Economic Strategy Institute, agreed. The yen's rise against dollar, he noted,

is only the most recent in a series of upward yen movements that began in early 1985 because of its large current account surplus.

"Despite all the handwringing over the greenback," the director of the Washington-based think tank wrote in a recent policy statement, "the problem is far less a dollar problem than a yen problem."

The White House, commenting on exchange rate changes, denied that it intended to use dollar as an instrument to cut U.S. trade deficit. It signaled, however, that it would rather let the market do the job.

"The fundamental strength in our economy is something that should inspire confidence," President Clinton said last week. "If the past is any indication, the market will sort itself out at an appropriate level."

Administration officials, meanwhile, said there will be no detailed studies on currency markets in the Group of Seven summit this weekend in Naples, Italy, a job observers said that the G-7 was established to do.

"My impression," said WASHINGTON POST columnist Hobart Rowen, "is that at the moment, administration strategy is to reiterate the economy is in good shape, keeps its fingers crossed and await developments."

This presents the Fed, whose governors are supposed to make decisions free of political influence, a dilemma: exchange rate is a symbol of national honor, but raising interest rates to support the dollar is bad.

A strong dollar has meant a strong America. The Fed regards price stability and economic growth as its priority. But the currency market, with its many psychological side-effects, is too important to ignore, observers said.

Columnist Urges U.S. To Lift Embargo on Cuba

HK0507092794 Beijing RENMIN RIBAO in Chinese 3 Jul 94 p 6

[“International Forum” column by Jin Yan (6855 1750): “Irresistible Trend”]

[Text] In recent years, the call for the removal of economic sanctions against Cuba has been increasingly high in the international arena and restoring and developing economic relations and trade with Cuba have become the strong aspirations of many countries.

It has been more than 30 years since the United States began a military blockade of Cuba and imposed a trade embargo in the early 1960's. At present, an overwhelming majority of countries around the world, particularly Latin American countries, generally maintain that following the end of the Cold War the policy of isolating Cuba should also be ended. At a recent session of the OAS and the Iberian America Summit, many countries once again called for lifting the blockade of Cuba. OAS Secretary General Joao Soares pointed out in

a speech that the 1990's is different from the 1960's and that now is the time to restore Cuba's OAS status with full rights. In fact, when restoring and developing economic relations with Cuba, some countries in the Western hemisphere are beginning to adopt practical steps. Recently, Mexico signed an agreement with Cuba to jointly run the Cuba Telephone Corporation. By the agreement, Mexico will invest \$1.5 billion to improve Cuba's telecommunications system. Canada has also announced the restoration of an aid program for Cuba which was suspended for 16 years. Entrepreneurs in some other countries also keep visiting Havana to seek trading opportunities.

Under the new international circumstances, the Cuban Government is also readjusting its domestic and foreign policies. As for foreign relations, Cuba has reiterated many times that the starting point of its foreign policy is to struggle for independence, peace, and development and to become an equal member of Latin America and the world family. At home, Cuba is pursuing measures to open up and attract foreign investment in light of its national conditions.

Nevertheless, the United States, which took the lead in imposing sanctions on Cuba in those days, turns a blind eye to these changes and insists on forbidding U.S. corporations carrying out trade contacts with Cuba, thus earning the criticism of many people in Latin American countries and Canada. A certain Canadian even pointed out sharply that the United States is “insane” in pursuing its Cold War practices against Cuba. World opinion maintains that the U.S. blockade of Cuba is in fact catching itself in its own trap and harming others and itself. Some Americans have also realized this. Some U.S. Congressmen have already put forward bills for lifting the sanctions on Cuba.

The tense U.S.-Cuban relations were a product of the serious confrontation between East and West during the Cold War. Now that the Cold War is over, the international background to the tense U.S.-Cuban relations has already changed, so it is obviously an outdated policy to continue a trade blockade of Cuba. As for what development path Cuba will choose, it is completely its internal affair and will be decided by the Cuban people. It should not become an excuse with which other countries place an embargo or interfere and still less an obstacle for developing economic relations and trade with Cuba. Continuing an economic blockade of Cuba runs counter to the basic principles of international relations. It is not only unacceptable to the Cuban people but also not agreed to by Latin American countries. The call for the United States to lift the embargo on Cuba has become an irresistible trend and the U.S. policy for Cuba formulated during the Cold War should be changed. Now is the time to lift the trade embargo in keeping with the trend.

Song Jian Receives Visiting U.S. Physicist 4 Jul

*OW0407125294 Beijing XINHUA in English 0718
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Song Jian, state councillor and minister in charge of State Science and Technology Commission, met here today with U.S. scholar Samuel C.C. Ting, winner of Nobel Prize of Physics and foreign academician of the Chinese Academy of Sciences.

Ting arrived here last Thursday [30 June] as guest of Song Jian on a six-day visit to China.

NPC Vice-Chairman Meets U.S. Visitors

*OW0207095594 Beijing XINHUA in English 0854
GMT 2 Jul 94*

[Text] Beijing, July 2 (XINHUA)—Lei Jieqiong, vice-chairman of the National People's Congress (NPC) Standing Committee, met here today with a delegation from the U.S. International Women's Forum (IWF), which is led by New York IWF Chairwoman Susan Greenwood.

The 15-member delegation arrived here Thursday [30 June] as guests of the Chinese People's Association for Friendship With Foreign Countries.

During their eight-day visit in China, the visitors are also scheduled to tour east China's Shanghai and Suzhou cities and south China's Guangzhou City.

U.S. Official Arrested For Selling Green Cards

*OW0207211394 Beijing XINHUA in English 1619
GMT 2 Jul 94*

[Text] Washington, July 2 (XINHUA)—A senior U.S. immigration official was arrested on the accusation of making as much as up to one million U.S. dollars by selling green cards for illegal immigrants, reports from San Francisco said today.

William Tait bypassed normal immigration and naturalization service controls since 1983 and helped a man obtain 15 of the residency visas to sell, according to U.S. Justice Department investigators.

That man is now cooperating with U.S. authorities, a San Francisco newspaper reported Friday [1 July].

Tait, 45, a deputy director at the INS [Immigration and Naturalization Service] office in San Francisco, was arrested Thursday in Dallas, where he was on temporary assignment, the report said.

Central Eurasia**Qian Qichen, Belarusian Prime Minister Discuss Ties**

*OW3006160094 Beijing XINHUA in English 1547
GMT 30 Jun 94*

[Text] Minsk, June 30 (XINHUA)—Chinese Vice Premier Qian Qichen said here today that relations between China and Belarus are very good, despite the fact that diplomatic ties were established only 2.5 years ago and cooperation in trade and the economy is in its early stages.

Qian made the remarks at a meeting with Vyacheslav Kebich, chairman of the Council of Ministers of Belarus, during which the two leaders exchanged views on bilateral relations and how trade and economic cooperation between their two countries could be developed.

Qian, who is also foreign minister, said that because the economies of the two countries complemented each other, China was eager to promote trade and economic cooperation with Belarus.

He said his visit here, the first ever by a Chinese foreign minister, though short, had proved extremely useful.

Yesterday Qian held talks with Belarusian Foreign Minister Petr Kravchanka during which they explored many matters of common interest related to building closer friendship between their two countries.

Kebich said Qian's visit would greatly enhance the friendship between China and Belarus. Through Qian Qichen, he extended an invitation to Chinese Premier Li Peng to visit Belarus.

Qian also attended the opening ceremony of the Chinese Embassy in Belarus today. China and Belarus established diplomatic ties in January, 1992.

Qian Qichen Begins Visit to Lithuania

*OW0107022994 Beijing XINHUA in English 0209
GMT 1 Jul 94*

[Text] Vilnius, June 30 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen arrived here this afternoon for an official visit to Lithuania following his trip to Belarus.

This is the first visit to the country by a Chinese foreign minister since it became independent in 1990.

The Lithuanian Foreign Minister Povilas Gylis greeted his Chinese counterpart at Meginikoe, the border station between Lithuania and Belarus.

5 July 1994

Qian Meets Premier

*OW0207025994 Beijing XINHUA in English 0215
GMT 2 Jul 94*

[Text] Vilnius, July 1 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen held talks today with Lithuanian Prime Minister Adolfas Slezevicius on bilateral ties and economic and trade cooperation.

During their noon meeting, Qian pointed out that China is willing to develop a lasting and stable cooperative relationship with Lithuania, saying that a friendship based on equality and mutual benefit is in the interests of the peoples of both countries.

The Chinese foreign minister praised the progress made in relations between the two countries since the Baltic republic gained independence in 1990, adding that the fruitful visit to China last year by President Algirdas Brazauskas gave a boost to overall bilateral cooperation.

Both sides agreed during the talks to make every effort to tap the great potential for trade between the two countries.

Qian also pledged to speed up implementation of the economic cooperation accords signed by President Brazauskas during his 1993 trip to China.

In addition, China will encourage its leading enterprises to establish closer trade links with Lithuanian businesses.

Qian is the first Chinese foreign minister to visit Lithuania, arriving here Thursday afternoon following his trip to Belarus.

Qian Meets Parliament Head

*OW0207030794 Beijing XINHUA in English 0222
GMT 2 Jul 94*

[Text] Vilnius, July 1 (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen and Lithuanian Parliament Chairman Cheslovas Yurshenas met here today to exchange views on promoting contacts between the parliaments of the two countries.

During the meeting, Qian said the Chinese National People's Congress (parliament) is willing to develop cooperation with the Lithuanian Parliament and to promote contacts and exchanges between the two parliaments.

It is of major importance for the two parliaments to develop cooperation and the exchanges between them will be conducive to deepening the mutual understanding between the two peoples and promoting the development of relations between the two countries, Qian said.

Speaking on the same occasion, Yurshenas said he has always cherished a great interest in China and will lead a Lithuanian parliamentary delegation on a first visit to China soon.

Yurshenas said he believes the forthcoming China visit will help deepen his understanding of China and promote the friendship between the two peoples.

On the issue of Taiwan, Yurshenas said Lithuania pursues a "one China" policy and supports China's aspirations for national unification and sovereignty.

Qian, who arrived here on Thursday for his two-day first official visit to Lithuania, left later today for Tallin to begin his trip to Estonia.

Qian Meets Foreign Minister

*OW0207034194 Beijing XINHUA in English 0328
GMT 2 Jul 94*

[Text] Vilnius, July 1 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen held here today talks with Lithuanian Foreign Minister Povilas Gyls on bilateral relations and issues of mutual concern.

During the meeting, Qian said China attaches importance to developing Sino-Lithuanian relations, especially economic and trade cooperation.

Qian said the Chinese Government is encouraging leading enterprises to invest in Lithuania, and that the banking industries in both countries can be useful in providing aid for such projects.

The Chinese foreign minister called the visit to China last November by Lithuanian President Algirdas Brazauskas a most important event in Sino-Lithuanian history.

The agreements signed during the president's visit are a concrete foundation for the two countries to develop relations and the task now is to carry them out, Qian said.

The Chinese Government understands and respects Lithuania's external and internal policies, Qian noted, and is very glad to see Lithuanian achievements in all social areas.

Qian said he appreciates Lithuania's pursuance of a "one China" policy and its support to China on the issue of Tibet.

Gyls stressed that Lithuania attaches great importance to developing relations with China, and has always regarded the Government of the People's Republic of China as China's sole legitimate government.

Gyls said he hopes that Qian's visit will not only strengthen political relations but also promote bilateral trade and economic cooperation between the two countries.

He said there was great potential for such activity if both sides make efforts to develop it.

Qian Meets President

*OW0207034794 Beijing XINHUA in English 0333
GMT 2 Jul 94*

[Text] Vilnius, July 1 (XINHUA)—Lithuanian President Algirdas Brazauskas met with visiting Chinese Vice Premier and Foreign Minister Qian Qichen here today on bilateral ties and questions of common concern.

Conveying Chinese President Jiang Zemin's regards to Brazauskas, Qian said Jiang is highly satisfied with the results of his talks with Brazauskas last November in Beijing and hopes the friendly relations between China and Lithuania will be promoted and reinforced.

Under the leadership of the current Lithuanian Government, Lithuania's political and economic situation tends to be stable, inflation is dropping, production recovering and the living standard of people improving, Qian said, which has deeply impressed him.

Briefing the president on China's process of economic reform, Qian said stability is a prerequisite to a country's economic construction and other undertakings.

China holds that all countries, big or small, should be equal and respect each other, Qian noted, adding China hopes its ties with Lithuania can become an example of friendly co-existence between a big nation and a small one.

Brazauskas extended warm welcome to Qian's visit to his country and asked Qian to convey his regards to Jiang. Lithuania attaches great importance to its tie with China, he said.

The Lithuanian president said Lithuania currently is in transition and faces some difficulties in various fields. His government will regard the good Sino-Lithuanian relations as strong support for Lithuania, he noted.

More on Brazauskas Meeting

OW0407012594 Beijing XINHUA Domestic Service in Chinese 0313 GMT 2 Jul 94

[By reporter Wan Chengcui (8001 2052 2088)]

[Text] Vilnius, 1 Jul (XINHUA)—Brazauskas, president of the Republic of Lithuania, met with Qian Qichen, vice premier of the State Council and foreign minister, here today. Both sides exchanged views on strengthening bilateral relations and on questions of common concern.

After conveying President Jiang Zemin's cordial regards and best wishes to President Brazauskas, Qian Qichen said: Under the leadership of the new Lithuanian Government, Lithuania's political and economic situation tends to be stable, inflation is dropping, production recovering, and the people's living standard improving. He said he was deeply impressed by all these results. He

was convinced that the Lithuanian Government and people would be able to overcome their temporary difficulties and make still greater progress.

After briefing the president on China's process of economic reform, Qian Qichen said China, after learning from its own experiences, believes that development is the purpose, reform is the means, and stability is the prerequisite. Stability is the foundation for engaging in economic construction and all other undertakings.

Brazauskas extended warm welcome to Qian Qichen's visit to his country and asked Qian to convey his regards to President Jiang Zemin. He said the Lithuanian Government attaches great importance to its tie with China. Lithuania currently is in an important period of transition and faces some difficulties in various fields. His government will regard the good Sino-Lithuanian relations as strong support for Lithuania.

During the meeting, Brazauskas happily recalled his visit to China in November last year. He said the visit was very fruitful. He was very interested in China's experiences in economic reform and believed that China's special economic zones have been run particularly well.

Lithuanian Prime Minister Slezevicius also met with Qian Qichen on the same day. Both sides exchanged views on strengthening bilateral relations, on developing bilateral economic and trade cooperation, and on other questions of common concern.

Qian Qichen said: It is the Chinese Government's established policy to maintain and develop long-term and stable friendly relations and cooperation with Lithuania on the basis of the five principles of peaceful coexistence. The Chinese side is willing to work with the Lithuanian side to advance relations between the two countries.

Slezevicius said: The Lithuanian Government and people admire the long history of great China and the great reform being undertaken. They attach great importance to developing cooperation in all fields with China.

During the meeting, Qian Qichen conveyed Premier Li Peng's regards to Prime Minister Slezevicius as well as Li's message inviting the prime minister to visit China. Slezevicius asked Qian Qichen to convey his regards to Premier Li Peng, and expressed his gratitude for the invitation.

(Yilsenas), speaker of the Lithuanian Parliament, met with Qian Qichen at the parliamentary building on the same day. Host and guest exchanged views on strengthening parliamentary exchanges between the two countries.

Qian Qichen conveyed Chairman Qiao Shi's regards and best wishes to Speaker (Yilsenas). He said: The Chinese National People's Congress Standing Committee is willing to expand cooperation with the Lithuanian Parliament and to strengthen contacts and exchanges between the two countries' parliaments. It is very important for the two parliaments to expand cooperation. As

parliaments consist of people of different political parties and of different strata, exchanges between the two countries' parliaments will help deepen mutual understanding between the peoples of the two countries and promote the development of bilateral relations.

(Yilsenas) indicated that he has always been deeply interested in China. He said he will lead a parliamentary delegation to visit China for the first time in the near future. He believed that his visit will enhance his understanding of China and promote friendship between the peoples of the two countries.

(Yilsenas) said: On the Taiwan issue, Lithuania adheres to the "one China" policy and supports China's reunification and sovereignty aspirations. He held that the policy of "one country, two systems" pursued by China on the Hong Kong issue is wise.

Qian Qichen arrived in Lithuania 30 June for his first official visit. He left Vilnius by plane on 1 July for Tallinn to pay an official visit to Estonia.

Qian Qichen Meets Estonian Prime Minister, Foreign Minister

OW0207143394 Beijing XINHUA Domestic Service in Chinese 0701 GMT 2 Jul 94

[By reporter Wan Chengcai (8001 2052 2088)]

[Text] Tallinn, 1 Jul (XINHUA)—Estonian Prime Minister Mart Laar this afternoon met with Chinese Vice Premier and Foreign Minister Qian Qichen, who just arrived in Estonia for a visit.

Qian Qichen said he was very happy to visit independent Estonia for the first time as Chinese foreign minister. He said: Since China and Estonia established diplomatic relations three years ago, bilateral relations between the two countries have developed smoothly. Although the two countries are distant from each other, they share many things in common. China has always maintained that all countries, large or small, are equal and should respect each other.

On economic and trade relations between China and Estonia, Qian Qichen said: China and Estonia have engaged in direct trade for a relatively short period of time, but we have a good beginning. On the whole, great potential in economic and trade cooperation between the two countries remains to be exploited. China has adopted a positive attitude toward strengthening its economic and trade relations with Estonia.

Laar said Qian Qichen's visit will further deepen the mutual understanding and strengthen the cooperation between Estonia and China. He said: China currently is carrying out reform of great significance, and Estonia is also carrying out reform. The two countries can benefit from exchanging experience in this respect. Estonia attaches great importance to its economic and trade cooperation with China.

On the same day, Qian Qichen held talks with Estonian Foreign Minister Luik. They exchanged views on strengthening bilateral relations and on issues of common concern.

Qian Qichen said: Since China and Estonia established diplomatic ties three years ago, high-level exchanges between the two countries have been quite frequent. China highly regards the results Estonian President Meri achieved during his recent visit to China—his visit opened up a new chapter in the history of Sino-Estonian relations. China respects the Estonian people's choice; respects and understands Estonia's deciding its own social and economic development path and its foreign policy according to its specific national conditions and situation; and sincerely wishes Estonia's economy will further develop, its social stability will be maintained, and the country will play a due role in international affairs.

Foreign Minister Luik said: Estonia places great importance on its relations with China. Although our two countries are far apart from each other and have different social systems, Estonia hopes to maintain and develop its good relations with China, because this is in line with the two peoples' interests.

During the talks, the two foreign ministers also exchanged views on international and regional issues of common concern.

Qian Qichen and his party arrived in Estonia by plane this afternoon for a formal visit after ending their visit to Lithuania.

More on Meeting Premier

*OW0207053794 Beijing XINHUA in English 0516
GMT 2 Jul 94*

[Text] Tallinn, July 1 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met Estonian Prime Minister Mart Laar this afternoon to seek further economic and trade cooperation.

Qian informed Estonia of China's positive attitude toward closer trade links with the Baltic state, saying trade between the two countries started well and has great potential to tap.

Qian has been the first Chinese foreign minister to visit Estonia since the two countries forged diplomatic ties in September 1991. He arrived from Lithuania this afternoon and had been to Belarus before his trip to Vilnius.

The foreign minister expressed China's interest in bilateral cooperation in sea transport.

In addition, China will encourage Chinese enterprises with high reputation to open business in Estonia, he said.

Laar said Estonia attaches great importance to its relations with China. His country, enjoying technological advantages in making paper pulp, hopes for cooperation with China in this field, he added.

More on Meeting Foreign Minister

*OW0207053394 Beijing XINHUA in English 0513
GMT 2 Jul 94*

[Text] Tallinn, July 1 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen and Estonian Foreign Minister Juri Luik held talks here this afternoon on bilateral relations and other issues of common concern.

The Chinese foreign minister said the fruitful recent China visit by President Lennart Meri ushered in a new era in Sino-Estonian relations.

The Chinese Government understood and respected the Estonian people's choices in external and internal policies, Qian noted. He wished them great successes in all sectors.

Qian said both countries wished to promote their trade relations to a new stage even though direct trade between them, which started very well, had just begun.

Qian said the Chinese Government encouraged Chinese enterprises to invest in Estonia and expressed the hope to solve problems such as visa and bank cooperation for a smooth development in trade and economic cooperation between the two countries.

Luik said even though the two countries were far away from each other, Estonia attached great importance to its relations with China because it accorded with the two peoples' wishes.

Referring to trade and economic cooperation, Luik said the two countries have signed a number of trade agreements in recent years.

He hoped the meeting of the joint committee of Sino-Estonian trade and economic cooperation to be held next month will solve specific problems.

The two foreign ministers also discussed international and regional issues.

Qian arrived here this afternoon for an official visit after he ended his trip to Lithuania.

Qian Meets Estonian President

*OW0307043594 Beijing XINHUA in English 0405
GMT 3 Jul 94*

[Text] Tallinn, July 2 (XINHUA)—Estonian President Lennart Meri met with visiting Chinese Vice Premier and Foreign Minister Qian Qichen here today.

Qian spoke highly of Meri's recent visit to China and of his efforts in promoting bilateral economic and trade relations.

He said the Sino-Estonian relationship has been put on the right track since the establishment of diplomatic relations, and expressed his hope that bilateral relations will go forward through joint efforts.

Meri said his country puts great emphasis on relations with China.

Upon returning from China, Meri met with Estonian entrepreneurs to discuss ways of promoting trade, and he created a special organization for that purpose.

The two leaders also exchanged views on the situation in the Baltic region.

Later today, Qian left by ship for Helsinki for a one-day visit to Finland. He has toured the four former Soviet Union republics of Russia, Belarus, Lithuania and Estonia.

Qian Concludes Visit to Estonia

*OW0307080894 Beijing XINHUA in English 0739
GMT 3 Jul 94*

[Text] Tallinn, July 2 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen clarified China's basic policies toward the former Soviet Republics today before winding up a trip to Estonia.

In an exclusive interview with XINHUA here today, Qian said that China enjoys a long and traditional friendship with the former Soviet republics.

Following the disintegration of the former Soviet Union in late 1991, China's relations with these republics have registered further development under the new historical situation.

China treats all these countries equally and is ready to develop relations of mutual respect, peaceful co-existence and mutually beneficial cooperation with these countries, no matter they are big or small and close to or far from the country, he added.

Qian continued to say that China understands the temporary difficulties facing these nations during the transitional period and sincerely hopes that they will solve their own problems as early as possible, develop the national economy and improve the living standards of their people.

At present, China's friendly cooperation with these countries is advancing steadily in all fields and at all levels and it is maintaining a strong momentum for further growth, Qian said.

China will treasure what has been achieved and, together with these countries, promote the further development of mutual relations, he said.

On China's policies toward countries of the Commonwealth of Independent States (CIS), the Chinese foreign minister said that his country will adhere to the following basic policies:

First, China respects the choices made by the peoples of these countries, respects and understands the domestic and foreign policies they have adopted in the light of

their domestic situations and external environments, and will never interfere in their internal affairs.

Second, China maintains that differences in social system, ideology and mode of development should not become obstacles to the development of normal inter-state relations between China and CIS countries on the basis of the five principles of peaceful co-existence and that problems in bilateral relations should be settled through friendly consultations.

Third, China will seek common prosperity together with CIS countries by developing economic and trade cooperation in various forms on the basis of equality and mutual benefit and according to international norms and practices for economic exchanges.

Forth, China sincerely hopes that stability and prosperity prevail in the CIS countries and the whole former Soviet region and that these nations will live in harmony and settle their divergences and various complicated historical issues between them through peaceful means.

The development of relations by China with one CIS country is not directed against another one, the Chinese foreign minister noted.

Asked about China's basic policies toward the three baltic states, or Lithuania, Estonia and Latvia, Qian said China will abide by four basic principles in its ties with these countries.

First, China respects the choices made by the peoples of the three countries, respects and understands the domestic and foreign policies they have adopted in the light of their domestic situations and external environments, and will never interfere in their internal affairs.

Second, China maintains that all countries, big or small, are equal, and should develop friendly relations and cooperation on the basis of the five principles of peaceful co-existence regardless of differences in social system and ideology.

Third, in accordance with the principles of equality and mutual benefit, and of helping supply each other's needs, China will increase economic and trade cooperation with these countries to achieve common development.

Forth, China respects the desire of the three states to strengthen regional cooperation and hopes that they will live in harmony with each other and with other neighboring countries including Russia and settle their disputes and historical issues through peaceful means.

Commenting on future prospects for relations between China and the three former Soviet republics of Belarus, Lithuania and Estonia that he had just visited, Qian believed that through joint efforts, China's ties with these countries, including economic and trade cooperation, will further increase.

There are no obstacles between China and these countries in developing bilateral relations although they are far apart from China geographically, he said.

Qian also hopes that the relations between China and Latvia, a Baltic state which he did not visit this time, will be normalized and obstacles on the road to the normalization be removed.

Before he came to Estonia, the Chinese foreign minister visited Russia, Belarus and Lithuania. He left Tallinn for Helsinki this evening for a two-day trip to Finland, the last leg of his five-nation European tour.

Ukraine Chairman Moroz Receives Chinese Ambassador

*OW0107034294 Beijing XINHUA in English 0215
GMT 1 Jul 94*

[Text] Kiev, June 30 (XINHUA)—Chairman of the Supreme Soviet of Ukraine, Aleksandr Moroz, today called for strengthened cooperation between his country and China.

During a meeting here with Chinese Ambassador Zhang Zhen, he said the two countries should enhance cooperation in science and economics and trade.

He told Zhang that Ukraine possesses world-class technology and that prospects are good for bilateral scientific cooperation.

He said his country attaches importance to relations with China in many fields and spoke highly of China's achievements and reforms over the past decade.

Ukraine can learn from China's experience in maintaining state macro-control and stability while achieving speedy economic development, the chairman said.

Moroz, who was elected chairman of the Supreme Soviet of Ukraine last month, said Ukraine will pursue a peaceful and neutral foreign policy.

Zhang told Moroz that China will continue to promote friendly and cooperative relations with Ukraine.

The two men also exchanged views on developing bilateral cooperation in a wide range of areas.

Northeast Asia

Internal Document Reportedly Denies DPRK Nuclear Threat

*OW0307053094 Tokyo KYODO in English 0512 GMT
3 Jul 94*

[Text] Beijing, July 3 KYODO—China apparently believes North Korea's suspected nuclear weapons development program has not yet posed a real threat, according to an inside document of the Chinese Communist Party obtained by KYODO NEWS SERVICE on Sunday [3 July].

The document records recent remarks by a senior party official about the situations on the Korean peninsula.

"We have to think over if North Korea's nuclear threat is real or potential," the official said, according to the document. "We can never acknowledge it has already constituted a real threat. Therefore, I believe the suspected nuclear weapons development issue can be settled gradually."

The high-ranking official also said China hopes to play a constructive role toward a settlement of Pyongyang's nuclear issue.

But he added, "China's influence is limited. What is essential is efforts by directly concerned parties," according to the document. He stressed the importance of dialogues among North Korea, United States, South Korea, and the International Atomic Energy Agency (IAEA).

The official said some people overestimate China's influence, adding that the Korean people are very proud.

The remarks by the official suggest that China has concluded North Korea's nuclear arms development program is still at an elementary stage based on their own analysis, observers said.

'Some' Progress in ROK-DPRK Pre-Summit Talks Noted

OW0207074994 Beijing XINHUA Domestic Service in Chinese 1555 GMT 1 Jul 94

[By reporter Zhang Zhongyi (1728 1813 5030)]

[Text] Seoul, 1 Jul (XINHUA)—Some progress was made in today's talks at Panmunjom between South and North Korean delegates preparing for an inter-Korean summit. The two sides basically achieved consensus on what form the meeting will take, as well as the composition and size of their delegations. However, they disagreed on sending an advance team to run security checks and on allowing live coverage of the meeting.

During the talks, which were held at the Unification Mansion north of Panmunjom today, the two sides agreed on the ROK sending a 100-member delegation and 80 reporters to Pyongyang. The meeting between ROK President Kim Yong-sam and DPRK President Kim Il-song will be a one-on-one affair in the presence of a couple of senior officials. However, the two sides have yet to decide how many rounds of talks will be held during the meeting.

The two sides also reached consensus on the schedule and itinerary of their delegations, accommodations, and the personal security of delegation members.

They also decided to continue consultations on relevant issues at the House of Peace south of Panmunjom on 2 July.

On 28 June the ROK and the DPRK agreed to hold a South-North summit meeting, the first of its kind since the Korean peninsula was divided, in Pyongyang, the DPRK capital, from 25 to 28 July.

ROK, DPRK Agree on Summit Procedures

OW0207121594 Beijing XINHUA in English 1114 GMT 2 Jul 94

[Text] Seoul, July 2 (XINHUA)—South Korea and the Democratic People's Republic of Korea (DPRK) Saturday [2 July] signed the written agreement on detailed procedure and protocol of the first inter-Korean summit later this month.

The agreement was signed by working-level officials from both sides at the second contact at the truce village of Panmunjom to decide the details of the July 25-27 summit.

South Korean President Kim Yong-sam and DPRK President Kim Il-song will meet in Pyongyang on July 25-27 for the first time since the Korean peninsula was divided in 1945.

Under the agreement which consists of 14 clauses, South Korea's first advance party comprising 17 officials will visit Pyongyang from July 13 to 16 to make on-site preparations and check detailed itinerary of President Kim Yong-sam and protocol through discussions with DPRK officials.

South Korea will also send the second advance party consisting of 22 officials to the DPRK to check protocol and security matters on July 22, three days before opening of the summit.

The DPRK will provide facilities and personnel for South Korea in its live television coverage of the summit talks and cooperate in South Korea's broadcasting via satellite and other tele-communication matters.

Both sides also agreed on a 180-member delegation, including 80 reporters, to accompany South Korean President Kim Yong-sam to the summit in Pyongyang.

They did not clarify the number of the private-level summit talks, but virtually agreed that the two presidents have more than two rounds of summit talks.

At the summit talks, only two or three aides and an official to record the talks from each side will accompany their president.

The two sides agreed not to post any sign on the sites of summit talks and other events. They will not establish other facilities than necessary ones, which means that they will not hoist national flags and play national anthems because the two sides have not recognized each other as sovereign states and claimed legitimacy over the other parts of the peninsula.

The period of the summit talks was decided to be three days, but can be extended if necessary, according to the agreement.

With the agreement, South Korea and the DPRK completed their working-level contact on the summit, but liaison officials of the two sides will further discuss detailed matters including notification of the list and procedure of the delegation's entering into the DPRK.

The decision to hold the inter-Korean summit in Pyongyang later this month was made at a working-level contact between the two sides at Panmunjom on June 28.

The upcoming summit has resulted from the mediation by former U.S. President Jimmy Carter when he visited South Korea and the DPRK respectively from June 13 to 18.

Commentary Welcomes DPRK-ROK Summit Meeting

HK0507105394 Beijing RENMIN RIBAO in Chinese
1 Jul 94 p 7

[“Commentary” by staff reporter Xu Baokang (1776-1405 1660): “An Important Step That Promotes Dialogue for Peace”]

[Text] Seoul, 29 Jun (RENMIN RIBAO)—On 28 June, news from Panmunjom indicated that a North-South summit will be held in Pyongyang on 25 July. This is the first agreement on dialogue between the two heads of state since the separation of the Korean peninsula. The international community generally believes that the North-South summit meeting on the Korean peninsula will be a major move that helps improve North-South relations. It will benefit peace and stability on the Korean peninsula and in Northeast Asia, and also will be conducive to finding a final solution to the nuclear issue on the peninsula. It will play a positive role in enabling the northern and southern sides of the Korean peninsula to move toward dialogue, exchange, and cooperation.

As everyone is aware, since March this year, there had been controversy between the International Atomic Energy Agency and the DPRK over supervision of the replacement of reactor materials, thus abruptly changing the previously positive trend of development in the DPRK nuclear issue. Some countries, headed by the United States, began to impose pressure on the DPRK and asserted that they would impose sanctions on it, making the situation on the Korean peninsula tense.

How did the northern and southern sides of the Korean peninsula reach agreement on a summit meeting in this difficult situation?

According to an analysis here, first, preserving peace and stability on the Korean peninsula conforms with the fundamental interests of the Korean people, whereas confrontation is not good for improving North-South relations or removing their differences. A summit dialogue will help gradually remove the estrangement that

has arisen from prolonged separation, and thus will enable the situation on the Korean peninsula to move toward relaxation. After former U.S. President Carter's visit to the Korean peninsula, President Kim Il-song expressed his readiness to hold summit talks unconditionally, at any time, and in any place. President Kim Yong-sam immediately expressed his agreement. This suggests that both sides cherish a common hope for a peace dialogue.

Second, the international community is not willing to see the situation on the Korean peninsula deteriorate because this might endanger world peace and stability. In a previous period, the DPRK nuclear issue also was the focus of concern and a topic for discussion in United Nations. Many times, the United States hoped to impose sanctions on the DPRK through the UN Security Council, but many countries still believed that the relevant parties could resolve the problem through dialogue. Carter's visits to the ROK and the DPRK, and a change in the U.S. attitude toward the DPRK nuclear issue proved once again that so long as the relevant parties keep calm and exercise restraint, they can relax the situation on the Korean peninsula and resolve the nuclear issue. The agreement between the northern and southern sides of the Korean peninsula on holding a summit meeting corresponds with the historic trend of peace and development, which the international community has cherished. It is useful for peace and stability in Asia and the rest of the world, and also is well received and supported by governments and peoples around the world.

Now the gate to dialogue between the two top leaders of the northern and southern sides of the Korean peninsula is open. People are expecting that the upcoming first summit between the North and South will yield positive achievements and will promote peace, dialogue, and cooperation on the Korean peninsula.

Forum Viewing Future Sino-ROK Relations Closes

OW0107113494 Beijing XINHUA in English 1106
GMT 1 Jul 94

[Text] Beijing, July 1 (XINHUA)—The first meeting of a forum on the future of relations between China and the Republic of Korea (ROK) closed here this afternoon.

During the two-day meeting, co-sponsored by the Chinese People's Institute of Foreign Affairs and the Korea Foundation, government officials of the two countries, dignitaries from various circles, experts and scholars discussed the situation in north-east Asia as well as the current situation and future prospects of Sino-ROK relations.

This evening, Wu Xueqian, vice-chairman of the Chinese People's Political Consultative Conference National Committee, met with and feted the participants of the meeting.

Eastern Airlines Opens Jinan-Shanghai-Seoul Flight

*OW0207140994 Beijing XINHUA in English 1348
GMT 2 Jul 94*

[Text] Jinan, July 2 (XINHUA)—China Eastern Airlines has opened a chartered flight route from Jinan to Seoul via Shanghai.

The route, which started service on June 30, is actually an extension of the former Shanghai-Seoul route, on which an MD-82 aircraft makes a return flight every Thursday.

Passengers can go through customs formalities in Jinan and exit formalities in Shanghai.

Seoul Reports Joint Aircraft Production Talks With Beijing

*OW0507052594 Beijing XINHUA in English 0449
GMT 5 Jul 94*

[Text] Seoul, July 5 (XINHUA)—South Korea has tentatively decided to invite Asian countries, including India, Indonesia and Malaysia, as partners for the development of medium-sized aircraft, according to the Ministry of Trade, Industry and Resources here Tuesday [5 Jul].

By inviting more partners from Asian countries, the aircraft project is expected to create the Asian version of Airbus Industrie, the ministry said.

It noted that as India and other Asian countries have shown their active intention to participate in the joint project, the South Korean Government plans to send a market survey team to those nations this month.

At present, South Korea and China are discussing the matter of joint production of aircraft and considering turning over some of their share in the 50:50 joint venture to other Asian countries, the ministry said.

The two countries also agreed to invite either of Boeing, McDonald Douglas or Airbus Industrie as their technical partner.

Most likely model is an aircraft with 100 seats, a ministry official said.

However, the official said that the final model will be decided after a market survey in China and other Asian countries.

Southeast Asia & Pacific**Cambodian Government Foils Early Morning Coup**

*OW0307164794 Beijing XINHUA in English 1627
GMT 3 Jul 94*

[Text] Phnom Penh, July 3 (XINHUA)—The Royal Government of Cambodia announced this evening that

it foiled early this morning a coup when loyal forces halted a military convoy of rebel soldiers heading towards the capital.

A government spokesman said that General Sin Song, a former interior minister was arrested after weapons had been found at his home. A number of other conspirators have been detained.

The government announced details of the attempt here today but added that there was no exchange of gunfire or casualties.

The spokesman briefed foreign ambassadors about the failed coup and explained that government troops had surrounded a group of 200 or 300 soldiers in five trucks and 12 armored personnel carriers about 30 kilometers southeast of Phnom Penh. They were later sent back to their barracks.

Prince Chakrapong was reportedly involved in the coup attempt and was later allowed to fly out of Cambodia en route to Kuala Lumpur, capital of Malaysia.

The Cambodian Interior Ministry cautioned foreigners in Phnom Penh last night about venturing outside. The driveways of Chakrapong's residence were guarded by government troops in armored vehicles and security around the residence of Prince Norodom Ranariddh was reinforced.

Downtown Phnom Penh remained calm today except for sporadic shots.

Radio Reports Coup Thwarting

BK0407113494 Beijing China Radio International in Cambodian 1030 GMT 4 Jul 94

[Text] On 3 July, the Royal Government of Cambodia [RGC] thwarted a bloodless coup d'etat.

According to a report, the RGC arrested Sin Song, a coup leader, and 15 other conspirators. Another coup leader, Prince Norodom Chakrapong, has been flown to Kuala Lumpur, capital of Malaysia, by the government.

Prince Chakrapong and Sin Song used to serve the former government as deputy prime minister and interior minister.

PLA Chief Meets Indonesian Armed Forces Leader

*OW0307133394 Beijing XINHUA in English 1241
GMT 3 Jul 94*

[Text] Beijing, July 3 (XINHUA)—General Zhang Wan-nian, chief of General Staff of the Chinese People's Liberation Army (PLA), met and hosted a banquet in honor of General Faisal Tanjung, commander-in-chief of the Indonesian Armed Forces, and his party here this evening.

This afternoon, Zhang presided over a ceremony to welcome Tanjung and his entourage.

Liu Huaqing Views Improving Military Ties With Indonesia

OW0407143794 Beijing XINHUA in English 1414
GMT 4 Jul 94

[Text] Beijing, July 4 (XINHUA)—China is willing to strengthen exchanges and cooperation with Indonesia in all fields, including ties between the armed forces of the two countries, a senior Chinese military leader said today.

Liu Huaqing, vice-chairman of the Central Military Commission, made the point at a meeting with General Faisal Tanjung, commander of the Armed Forces of Indonesia.

Liu defined the cooperation in various fields between the two countries as not only beneficial to the two countries but conducive to the peace and stability in the Asia-Pacific region, as well.

Mutual understanding and cooperation between China and Indonesia would be of great significance to the region and to the world, Liu said.

The Asia-Pacific region is enjoying a comparatively stable situation, featured by vigorous economic growth, compared with the rest of the world. In this context, the Asia-Pacific countries should take the advantage to strengthen cooperation so as to effect a common development and common prosperity, Liu noted.

While fully agreeing with Liu's view on the world situation, Tanjung said that his ongoing China tour was aimed at enhancing mutual understanding between the two peoples and the two armies. He also hoped that the cooperative relations between the two countries would be consolidated and developed.

Taking part in the meeting were PLA (People's Liberation Army) Chief of General Staff Zhang Wannian, Navy Commander Zhang Lianzhong, Air Force Commander Cao Shuangming and Commander of the Beijing Command Li Laizhu.

State Councillor and Defense Minister Chi Haotian also met with the Indonesian military leader today.

Singapore Plan for Suzhou Industrial Park Viewed

OW0307143094 Beijing XINHUA in English 1240
GMT 3 Jul 94

[Text] Nanjing, July 3 (XINHUA)—Though the Sino-Singapore Industrial Park in Suzhou is still on the drawing board, the local education sector has begun to prepare for the chances and challenges represented by it.

Gu Dunrong, chairman of the municipal educational committee, said the city is determined that by the year 2000, 95 percent of its citizens will receive high school educations.

From this year on, the city will allocate an additional 20 million yuan each year to improve the facilities of its vocational training schools.

According to Zhang Xinsheng, mayor of Suzhou in east China's Jiangsu Province, the 70-sq-km industrial park will be able to provide 360,000 jobs—200,000 for technicians—when it is completed in ten years. Zhang is also chairman of the park's preparatory committee.

An important reason for Singapore to choose Suzhou as the location for the park is that the city has a good tradition of education, according to sources.

The city now has 15 colleges and universities, and nearly 500 technical schools, vocational training schools and high schools, producing more than 10,000 technical graduates a year.

Gu said vocational education will be given top priority in the educational program over the next ten years. Three-fourths of the city's students aged 15 to 18 are going to vocational training schools.

Gu said more involvement in vocational education by enterprises will be encouraged by the government.

To cope with the demands of the job market, Gu said, many schools have started to offer courses in marketing, public relations, fashion design and modelling, secretarial work and foreign trade.

The education authorities have also decided that from 1996 on, graduates of vocational schools must learn one foreign language and be able to use computers.

The city is also exploring co-operation chances with Singapore in education. The first group of Singapore students is already studying at Suzhou University and will work in the industrial park after graduation, Gu said.

Spokesman Views SRV's Detaining of Fishing Boats

OW0407120994 Beijing XINHUA Domestic Service in Chinese 1120 GMT 4 Jul 94

[Text] Beijing, 4 Jul (XINHUA)—Foreign Ministry spokesman Shen Guofang today answered reporters' questions on the Vietnamese Navy's seizing and detaining Chinese fishing boats in the Beibu Gulf.

A reporter asked: A report says that the Vietnamese Navy seized and has detained three Chinese fishing boats in the Beibu Gulf. Do you have any comments on this?

Shen Guofang said: On 2 July, the Vietnamese Navy rounded up and pursued Chinese fishing boats operating

in China's traditional fishing ground in the high seas in the Beibu Gulf and seized and has detained three Chinese fishing boats. Chinese Foreign Ministry made solemn representations to Vietnam over the matter, and demanded that Vietnam immediately release the detained Chinese fishing boats and fishermen and that no such incidents should occur in the Beibu Gulf in the future, so that the friendly relations between China and Vietnam will not be impaired and a good atmosphere and conditions can be created for the ongoing Sino-Vietnamese talks on the boundary issue.

Second Round of Sino-Vietnamese Land Boundary Talks End

*OW0207041894 Beijing XINHUA in English 0334
GMT 2 Jul 94*

[Text] Beijing, July 2 (XINHUA)—The second round of the talks of the Sino-Vietnamese Land Boundary Joint Working Group was held here between June 25 and July 1.

Heads of the group from both countries signed the summary of the talks yesterday.

Tang Jiaxuan, head of the Chinese Government boundary negotiation delegation and vice-minister of foreign affairs, was among those present at the signing ceremony.

Tang also met with all members of the joint working group and had a cordial and friendly talk with them.

Near East & South Asia

Acting Premier Zhu Rongji Meets Egyptian Minister

*OW0207032894 Beijing XINHUA in English 0258
GMT 2 Jul 94*

[Text] Beijing, July 2 (XINHUA)—Chinese Acting Premier Zhu Rongji met with Hasan al Alfi, Egyptian minister of the interior, and the delegation he is leading today.

Minister of Public Security Tao Siju was present at the meeting. The Egyptian delegation has come to visit China as guests of the Public Security Ministry.

PLA Chief of General Staff Meets Israeli Guest

*OW0107132994 Beijing XINHUA in English 1304
GMT 1 Jul 94*

[Text] Beijing, July 1 (XINHUA)—General Zhang Wan-nian, chief of general staff of the Chinese People's Liberation Army (PLA), hosted a dinner for Ehud Baraq, chief of general staff of Israeli Defense Forces here this evening.

Before the dinner, Zhang presided over a ceremony to welcome Baraq, who arrived here earlier today on a visit at the invitation of Zhang.

Liu Huaqing Meets Israeli Army Officer

*OW0407124994 Beijing XINHUA in English 0802
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Liu Huaqing, vice-chairman of the Central Military Commission, met with Ehud Baraq, chief of the General Staff of the Israeli Defense Forces today, expressing the hope to strengthen exchanges in various fields between the two countries.

Extending a welcome on behalf of the Central Military Commission to the Israeli guests, Liu said that the general's visit would be conducive to enhancing mutual understanding between the two peoples and the two armies.

The Chinese Government was much concerned about the development of the peace process in the Middle East, Liu said, adding that the government and Chinese people were happy to see any steps forward toward peace in the region.

Peace and development are the main trend in the present world and the Chinese people hope for eternal peace not only in the Middle East but also throughout the world. Any type of war should be avoided, either globally or regionally.

The Chinese Government and its people have over the past decade devoted great efforts to the economic development in the country with a view to increasing the state economic strength and raising the people's living standards. In the current world, economies have played an increasingly important role in international affairs, he noted.

Liu said that China should maintain a certain level of defense capability within its economic expenditure to reinforce its army-building in the post-Cold War era. China will, as always, not interfere in the internal affairs of other countries, nor invade an inch of land of any country. But China fears no intruders, he said, stressing that the Chinese people and the Chinese Army would all along serve for the maintenance of the world peace.

Barak conveyed regards from Israeli Prime Minister and concurrent Defense Minister Yitzhaq Rabin while expressing thanks for the invitation.

Chinese Defense Minister Chi Haotian also met with and feted the Israeli general today.

State Councilor Luo Gan Ends Libyan Visit

OW0107232294 Beijing XINHUA Domestic Service in Chinese 0728 GMT 29 Jun 94

[By reporter Gong Zhenxi (2162 2182 0823)]

[Text] Tripoli, 28 Jun (XINHUA)—Chinese State Councilor Luo Gan has ended his four-day goodwill visit to Libya. He left here tonight for home.

During his visit, Luo Gan separately met with Libyan leader Al-Qadhdhafi; ('Abdallah Kuuder,) secretary of Libya's General People's Committee; and (Harubi,) superintendent of the Libyan Armed Forces. He also held talks with Al-Muntasir, secretary of the General People's Committee for the People's Bureau for External Liaison and International Cooperation (foreign minister). The two sides expressed the hope to further develop the friendly and cooperative relations between the two countries.

Earlier, Luo Gan and his party visited Cyprus and Tunis.

PLO Leader 'Arafat Returns to Gaza Strip
*OW0107132694 Beijing XINHUA in English 1305
GMT 1 Jul 94*

[By Xie Dongfeng, Huai Chengbo]

[Text] Rafah, Gaza Strip, July 1 (XINHUA)—Yasir 'Arafat, chairman of the Palestine Liberation Organization crossed the border from Egypt to the Gaza Strip this afternoon after decades in exile.

'Arafat, a life-long freedom fighter, returned as the head of the newly-born Palestinian National Authority governing the Palestinian autonomous areas of Gaza and Jericho, part of the occupied Palestinian territories.

The 65-year-old Palestinian leader, who was born in Jerusalem and lived in Gaza for years, is expected to stay in his homeland for a few days this time before leaving for Paris, where he will meet with Israeli Prime Minister Yitzhaq Rabin and Foreign Minister Shim'on Peres.

West Europe

Prime Minister Li Peng Visits Austria

Meets Austrian Reporters
OW0107203994 Beijing XINHUA Domestic Service in Chinese 1656 GMT 1 Jul 94

[By reporters Zhang Hao (1728 3185) and Zhang Yijun (1728 4135 0193)]

[Text] Vienna, 1 Jul (XINHUA)—During an interview with Austrian reporters today, Chinese Premier Li Peng, who is visiting Vienna, said his visit to Austria progressed very smoothly, and that talks and meetings between the two sides were very successful.

This morning, Li Peng accepted a joint interview at the Bu-li-si-tuo [1580 6849 2448 2094] Hotel, where he is staying, by five Austrian news units—the Austria Presse-Agentur, the Austrian Television Station, DIE PRESSE [NEWS DAILY], DER STANDARD, and WIENER

ZEITUNG. He answered reporters' questions on China's domestic situation and some major international issues.

At the beginning of the interview, Li Peng said his visit to Austria was a historical first by a Chinese premier, and that his host's warm hospitality and satisfactory arrangements enabled his visit to progress very smoothly and talks and meetings between the two sides to be very successful.

When asked by reporters about China's stance on human rights, Li Peng said: The Chinese Government pays much attention [shi fen guan xin 0577 0433 7070 1800] to human rights. At the World Human Rights Conference in Vienna last year, China actively participated in the drafting of the "Vienna Convention and Program of Action on Human Rights." The document not only incorporates Western concepts on human rights, it also reflects some basic views of developing countries on the issue of human rights. He said emphatically: For developing countries, the acknowledgement of the rights to develop and subsist is the most important aspect of human rights. As developing countries account for about four-fifths of the world's population, it is unfair to ignore their views.

He said: China is a country governed by law, and its socialist legal system, which is based on its Constitution, is being gradually improved. The Chinese Government has strictly observed the law when administering affairs. In China, the judicial, administrative, and legislative powers are exercised separately, and law enforcement falls under the judicial departments' jurisdiction.

When asked by reporters about the DPRK nuclear issue, Li Peng said: China hopes the upcoming U.S.-DPRK negotiations and the DPRK-ROK summit talks will bear positive results [qu de ji ji cheng guo 0648 1779 4480 2817 2052 2654]. The talks can be continued if agreement cannot be reached momentarily; there should be patience. Facts have proven that negotiations and dialogue are so much better than pressure. In fact, the world has many problems that are more pressing than the DPRK nuclear issue. For example, the Bosnia-Herzegovina issue remains unsolved. "We have always maintained that dialogue and negotiations are the only correct path toward finding proper solutions for the DPRK nuclear issue and other international disputes."

Asked about China's political reform, Li Peng said: China's economic and political reforms have been carried out simultaneously. China's economic successes have been acknowledged by the world. However, our economy would not have functioned normally and we would not have made such great progress if there were no political successes and national stability.

He said: We cannot use Western standards to measure China's political reform. China is a developing country, and its political reform will continuously be pushed forward as its economic reform develops.

He pointed out: Because China is implementing a socialist market economy, it needs to establish a complete legal system for its socialist market economy.

He pointed out: China is and will continue to carry out political reform. However, it will not copy the West in this regard, but will carry out a political reform that conforms with its national condition.

Regarding the tentative plan and prospects for China's reform of the economic structure, Li Peng said: China's economic reform has been conducted under a stable situation. The country has gone through a very lengthy process to switch from a planned economy to a market economy; the price reform, for example, has taken China 15 years. The government has taken into full consideration the ability of the state, enterprises, and masses to withstand each reform measures before promulgating them, and such an approach has minimized any shock effects on society.

He said: An important experience from China's reform is the need to correctly handle relations between the three factors: reform, development, and stability. Development is the goal, reform and opening up are the driving force for economic development, and stability is an essential condition for economic development and smooth progress in reform.

When asked by reporters to define the socialist market economy, Li Peng said: About 90 percent of commodity prices in China are determined by the relations between market supply and demand. Be they state-owned or private-run, all enterprises must tailor their production according to market trends. Markets play a fundamental role in distributing material resources, and this role is growing larger.

Li Peng said: China's construction of the socialist market economy is connected to ownership. Public ownership, or state-owned and collective enterprises, form the main body of China's economy. The state also allows the existence of private-run enterprises, which it regards as useful supplements to public ownership. To guarantee sustained, rapid, and healthy economic development, the government mainly uses economic means to conduct effective macroeconomic regulation and control.

Comments on DPRK Talks

*OW0107153294 Beijing XINHUA in English 1517
GMT 1 Jul 94*

[Text] Vienna, July 1 (XINHUA)—Chinese Premier Li Peng said here today that China hopes the up-coming inter-Korea talks on nuclear issue and the U.S.-DPRK talks will be successful.

During an interview with Austrian press reporters here this morning, Li said that even if they fail to produce expected results, such talks should continue.

On the human rights issues, Li said that the Chinese Government pays great importance to human rights protection.

He cited as example that China has made positive contributions to the drafting and adoption last year of the Vienna Convention and Program of Action on Human Rights. The documents include both the Western concepts on human rights and that of developing countries, he said.

Li said that China is a country governed by law and a democratic system, and that its legal system has been much improved.

The Chinese Government has been strictly observing laws in its administration, he added.

He said the Chinese Government, judicial departments and legislative bodies exercise their own powers independently.

He added that as the executive branch, the government is not allowed to interfere with the affairs of the judicial and legislative institutions.

Stresses Continued Political Reform

*OW0107155494 Beijing XINHUA in English 1531
GMT 1 Jul 94*

[Text] Vienna, July 1 (XINHUA)—Visiting Chinese Premier Li Peng said here today that China will push forward its political reform while deepening the economic reform.

However, Li stressed, China will not copy Western systems when carrying out its political reform. Instead, the political reform will be carried out while China's particular domestic conditions are taken into full consideration, he added.

Li made the remarks during an interview with Austrian press reporters here this morning.

Li said that China is formulating a complete set of laws for the establishment of a socialist market economic system.

In China, democracy is exercised through the People's Congress with the National People's Congress being the country's supreme institution of power, Li said.

China also has a system of political consultations, which is led by the Chinese Communist Party and participated by eight democratic parties, he added.

Supervision over the work of the government not only comes from the National People's Congress, but also from the public and the press in China, the premier said.

He said that China has made the greatest possible efforts in guaranteeing its citizens' rights to participate in state affairs and enterprise management.

More on Economic Reform

OW0107162694 Beijing XINHUA in English 1612
GMT 1 Jul 94

[Text] Vienna, July 1 (XINHUA)—Visiting Chinese Premier Li Peng said here today that the most important experience for China's reform is to correctly handle relations between reform, development and stability.

Li said that development is the goal, reform is the driving force, and stability is an essential condition for the economic development and a smooth implementation of reform.

The Chinese premier made the remarks during an interview with Austrian reporters here this morning.

China's economic reform has been going on in a stable environment, and China has come a long way in switching from a central planned economy to a socialist market one, Li said.

Such an approach has helped minimize shock effects on the society and therefore has been accepted by the public, he said.

The Chinese premier said that at present, prices of about 90 percent of China's domestic products are regulated by market demands, and Chinese enterprises, state-owned or private, all have to operate according to market laws.

In the socialist market economy, the government only exercises macro-control over the economy, Li added.

Li Visits Chancellor

HK0107135594 Beijing CHINA DAILY in English 1 Jul 94 p 1

[By Xu Yang: "Sino-Austrian Deals Flourish"]

[Text] Vienna—Stronger Sino-Austrian ties will benefit the two countries and inspire co-operation between Asia and Europe, Premier Li Peng and Austrian Chancellor Franz Vranitzky said yesterday.

Their observations came as Chinese businessmen travelling with Li wrapped up 14 contracts yesterday worth \$500 million in energy, transport and environmental protection.

Austria is the first stop on Li's high profile visit to Europe in which trade is playing a key role.

Li said differences in social values and ideology have not stopped the two nations from developing highly beneficial ties.

He also met Austrian President Thomas Klestil before his talks with Vranitzky.

Klesil told Li that Austria is keen to participate more in China's construction.

Li said mutual visits between high-level officials have been increasing in recent years, and so are two-way trade and Austrian investment in China.

He said China is on a developing path suited to its national characteristics and has formed its views on democracy in conformity with its own conditions.

"The world is diversified, therefore we must adhere to the principles of mutual respect and seek common grounds while recognizing differences," Li said.

"It will not succeed to try imposing conformity upon all." [sentence as published]

In talks with Vranitzky, Li said China and Austria have a different social system, historical background and economic level.

But this has not prevented the two countries from fostering relations, he noted, adding that their common interests far exceed their disagreements.

He said China wants to forge long-term ties with Austria with an eye to the next century.

Economic factors are playing an increasing role in international affairs, Li said, and China is happy about its growing trade ties with Austria.

The \$433 million in trade last year represents a 10.7 percent jump over 1992, and the volume rose by 24.4 percent in the first quarter of this year.

On political issues, Li emphasized China's stand that all countries are equal members of the international community regardless of their size.

He expressed his appreciation for Austria's "one-China" policy and its support of China's re-entry into the General Agreement on Tariffs and Trade (Gatt).

Vranitzky said Li's visit came at an important juncture in Austria's history—the nation's participation in the European Union.

He said the decision to join the EU is very important to Austrian destiny.

Future economic co-operation between the two countries should focus on the establishment of more joint ventures.

Li said that small and medium-sized firms from the two nations should also be encouraged to co-operate.

On the post-Cold War international situation, Li said that the world is far from being peaceful with regional conflicts popping up, while the gap between the developed and developing countries continues to widen.

He said China will work with other nations to set up a new international political and economic order on the basis of the Five Principles of Peaceful Co-existence.

Li invited Vranitzky to visit China and extended President Jiang Zemin's similar invitation to Klestil.

The two Austrian leaders accepted the offers.

Urges Greater Participation in Market

*OW0107170394 Beijing XINHUA in English 1641
GMT 1 Jul 94*

[Text] Vienna, July 1 (XINHUA)—Chinese Premier Li Peng said today that entrepreneurs of China and Austria meeting here signed business contracts worth nearly 600 million U.S. dollars in the past two days.

Li, who is on a five-day official visit to Austria, urged Austrian businessmen to more actively participate in the competition for the dynamic and fast-growing Chinese market.

The Chinese premier made the call this morning at a meeting with Austrian business leaders. The meeting was also attended by the leaders of about 30 major Chinese enterprises who are accompanying the premier on the visit.

Li Peng told Austrian businessmen that his visit, the first ever by a Chinese premier to the central European country, is not only politically important but also very fruitful in economic terms.

In the past two days, Chinese and Austrian business leaders signed 17 business contracts or letters of intent to expand their cooperation.

He said that investment environment in China is always improving and becoming better.

He assured them that the various reform measures being taken by the Chinese Government, including the reform of monetary system, are all designed to improve investment climate.

He expressed support to Austrian Government's provision of export credits to help enhance the competitiveness of Austrian products.

Li Peng said China protects the rights and interests of foreign investors, as in the fields of trade marks, intellectual property rights and patent rights.

Assures Entrepreneurs of IPR Protection

OW0207084494 Beijing XINHUA Domestic Service in Chinese 1452 GMT 1 Jul 94

[By reporters Zhang Hao (1728 3185) and Yuan Rongsheng (5913 2837 3932)]

[Text] Vienna, 1 Jul (XINHUA)—During a meeting with Austrian entrepreneurs at the Austrian Federal Chamber of Commerce this morning, Premier Li Peng, who is currently on a visit to Vienna, said: China is a dynamic and fast-growing market, and Austrian entrepreneurs are welcome to compete in this market.

Madetana [name as transliterated], chairman of the Austrian Federal Chamber of Commerce, warmly welcomed Premier Li Peng and his entourage. He said proudly: The Austrian Federal Chamber of Commerce had built relations with China long before the two countries established diplomatic relations. He said emphatically: The Austrian Federal Chamber of Commerce deeply cherishes the vast Chinese market. It is our belief that Premier Li Peng's visit itself constitutes a strong boost to the development of Austrian-Chinese economic relations and trade.

Li Peng said his current official visit to Austria, aside from being politically important, was fruitful in terms of economic cooperation. Thus far, the two sides have signed 17 agreements, contracts, and letters of intent totaling approximately \$600 million. Both China and Austria are very satisfied with this.

Li Peng also fielded impromptu questions raised by Austrian entrepreneurs. When an entrepreneur asked about the effects on joint ventures of China's investment climate and its unification of exchange rates, Li Peng said: China's investment climate has improved steadily and will get even better. The various reform measures taken by China, including the unification of exchange rates, will have a favorable effect on foreign investment in China. China welcomes Austrian entrepreneurs to compete in the Chinese market and to constantly heighten their competitiveness. The Austrian Government's extension of export credits to Austrian enterprises will undoubtedly heighten the latter's competitiveness.

In response to a question on China's protection of intellectual property rights and patents, Li Peng said: China has enacted the Trademark Law, the Law on the Protection of Intellectual Property Rights, and the Patent Law. During the course of economic cooperation with foreign countries, China protects foreign investors' legitimate rights and interests, and opposes actions which infringe on patents.

Li Peng also gave an extensive account of China's economic reform at his host's request. He said: China has carried out economic reform for 15 years now. It has found a development path which is compatible with its national conditions; that is, to build socialism with Chinese characteristics and to establish a socialist market economic structure. He said emphatically: Far from slowing its economic reform, China has deepened it constantly. The number of reform measures introduced in China this year is the largest. The country will continue to experience sustained, rapid, and healthy economic development. China's imports are expected to reach \$1 trillion for the period from now until the turn of the century. This will provide ample opportunities for cooperation with foreign countries.

Li Peng expressed the hope that more and more small and medium Austrian enterprises would invest in and

develop various forms of cooperation with west-central China because of the vast potential and market there.

Li Peng's remarks won thunderous applause from those present at the meeting. The hall was filled to capacity, with participants raising questions one after another in a relaxed and friendly atmosphere. From time to time, bursts of joyous laughter and applause emanated from the hall.

In attendance were Chinese Vice Premier Li Lanqing; Wang Zhongyu, minister in charge of the State Economic and Trade Commission; Ye Qing, vice minister of the State Planning Commission; Zheng Hongye, chairman of the China Council for the Promotion of International Trade; and Shi Guangsheng, vice minister of foreign trade and economic cooperation, who were accompanying Li Peng on his visit. Also present were Chinese entrepreneurs who were traveling with the delegation.

Meets National Council President

OW0507012094 Beijing XINHUA Domestic Service in Chinese 1234 GMT 1 Jul 94

[By reporters Yang Huanqin (2799 3562 0530) and Yuan Rongsheng (5913 2837 3932)]

[Text] Vienna, 1 Jul (XINHUA)—Chinese Premier Li Peng, who is currently visiting Austria, met this morning at his hotel—the Hotel Bristol—with Fischer, Austrian National Council president. The two leaders had a friendly conversation.

Li Peng said: Your Excellency, Mr. President, visited China in 1992 and Chancellor Vranitzky visited China last year. Early this year Chairman Qiao Shi of China's National People's Congress Standing Committee visited Austria, and now I am here for a visit. All these visits have deepened the mutual understanding between China and Austria and have effectively boosted the development of Sino-Austrian relations.

Fischer recalled with pleasure his visit to China in 1992 and lauded China's tremendous achievements in economic reform. He said Li Peng's visit had proceeded very smoothly and Austria was very happy about that.

Li Peng conveyed Chairman Qiao Shi's regards to Fischer and Fischer asked Li Peng to convey his regards to Chairman Qiao Shi.

Chinese Vice Premier Li Lanqing, and Rishar [name as transliterated], Austrian National Council second president were present at the meeting.

Li, Vranitzky Visit Salzburg

OW0507094494 Beijing China Radio International in Mandarin to Asia 0900 GMT 3 Jul 94

[From the "News" program]

[Text] After visiting Vienna and accompanied by Austrian Chancellor Vranitzky on the morning of 2 July,

Chinese Premier Li Peng took a special train to visit Salzburg, Austria's fourth-largest city.

On their way, Premier Li Peng and his party visited the famous Steyr (Saimule-Puhe) car assembly company and the Austria Steel Federation [ASF]. Li Peng attended a ceremony where a Sino-Austrian contract for steel rails worth \$16.5 million was signed.

The ASF and the China National Technical Import and Export Corporation signed the contract. A World Bank loan will be used to finance the Ministry of Railways project to build multiple railway tracks in Jiangxi and Zhejiang Provinces.

Li Meets Friendship Association Chairman

OW0507094594 Beijing Central People's Radio Network in Mandarin 1700 GMT 2 Jul 94

[From the "International News" program]

[Text] Visiting Chinese Premier Li Peng met with (Suhaiwen), honorary chairman of the Austrian-Chinese Friendship Association, and his wife at the Hotel Bristol in Vienna on the afternoon of 1 July.

Premier Li Peng said that his visit to Austria has been successful both politically and economically. He expressed his hope that the Austrian-Chinese Friendship Association will continue to contribute to promoting friendship between the two countries.

(Suhaiwen) said: People in Austria's business community and in all other circles are extremely happy over your visit. The Austrian-Chinese Friendship Association will continue to work hard to strengthen friendship between the two peoples.

Li Meets PRC Embassy Personnel

OW0407013394 Beijing XINHUA Domestic Service in Chinese 0119 GMT 2 Jul 94

[By reporter Zhang Hao (1728 3185)]

[Text] Vienna, 1 Jul (XINHUA)—China State Council Premier Li Peng arrived at the Chinese Embassy in Austria today, and cordially met with personnel of the embassy and other Chinese organizations in Austria, and representatives of Overseas Chinese, and Chinese compatriots and students. He also happily posed for photographs with them.

Premier Li Peng delivered an impromptu speech, briefly describing China's current domestic situation and his visit in Austria. He said: China's current situation is very good. Its political situation is stable, its economy is developing, and its living conditions are improving. Furthermore, China has been continually improving its position in the international community. Li Peng indicated: His current visit to Austria has achieved results in

the political, economic, and diplomatic fields; and will have an important impact on further developing Sino-Austrian relations.

Chinese Vice Premier Li Lanqing was present at the meeting.

Li Peng Departs Austria for Germany

*OW0307161994 Beijing XINHUA in English 1605
GMT 3 Jul 94*

[Text] Salzburg, Austria, July 3 (XINHUA)—Visiting Chinese Premier Li Peng today ended his five-day official visit to Austria, leaving here for Bonn, capital of Germany.

Austrian Federal Chancellor Franz Vranitzky saw him off at the airport.

During his stay in Austria, the Chinese premier met with Austrian President Thomas Klestil and held talks with his Austrian counterpart Vranitzky on bilateral relations and international issues of common concern.

Premier Li also met with Austrian parliamentary leaders and other political figures and representatives from the business circles. He has also visited some Austrian companies.

Upon departure, Li sent a message of thanks to Vranitzky, saying that the visit would promote the development of relations between the two nations.

Austria was the first leg of the Chinese premier's current three-nation European tour which will also take him to Germany and Romania.

Li Lanqing Holds Talks With Austrian Economic Minister

OW0407192894 Beijing XINHUA Domestic Service in Chinese 0418 GMT 1 Jul 94

[By reporter Zhang Hao (1728 3185)]

[Text] Vienna, 30 Jun (XINHUA)—Chinese Vice Premier Li Lanqing, who is currently accompanying Premier Li Peng on a visit to Austria, met this afternoon at his hotel—the Hotel Bristol—with Austrian Economic Minister Schuessel.

During the meeting, Li Lanqing said: Over the last few years, economic and trade cooperation between China and Austria has developed quite rapidly. However, the potential still exists for further broadening the scope of cooperation. China currently is deepening reform and broadening the scope of opening up. China's market is open to all countries, including Austria. China and Austria can completely engage in cooperation in many fields.

Shuessel hailed the fruitful results of Austrian-Chinese economic and trade cooperation. He said: Because of the continued growth of China's economy and Austrian

Chancellor Vranitzky's visit to China last year, trade between the two countries has increased. He hoped the two countries would further step up cooperation in the energy, metallurgical, automobile, machine building, and paper making industries.

Those attending the meeting included Wang Zhongyu, minister in charge of China's State Commission for Economics and Trade; Xi Dehua, State Council deputy secretary general; and Shi Guangsheng, Foreign Trade and Economic Cooperation vice minister.

Denmark Loans \$30 Million for Technology Imports

HK0307081194 Beijing CHINA DAILY in English 2 Jul 94 p 2

[By Zhang Yuan: "\$30M Danish Loan Inked For Technology Imports"]

[Text] China Investment Bank yesterday signed a deal with the Danish Export Finance Corporation in Beijing for a \$30 million Danish Government loan.

The 10-year preferential loan will be used to help Chinese enterprises import advanced technology and equipment from Denmark.

Marianne Jelved, the Danish Minister for Economic Affairs, and senior Chinese officials, including Vice Finance Minister Zhang Youcai and Vice Minister of the State Planning Commission Gan Ziyu, attended the signing ceremony.

Lu Xianlin, president of the China Investment Bank (CIB), said that the agreement and Jelved's recent visit to China will further strengthen the friendly ties and promote trade and economic co-operation between China and Denmark.

CIB, one of the 10 Chinese financial organizations authorized by the State to raise funds from abroad, has borrowed a total of \$1.7 billion in loans from the World Bank, the Asian Development Bank and foreign governments and supported the technical upgrading of more than 1,300 projects in the country since its establishment in 1981.

According to a CIB statement, the Danish Government has given China four loans and a grant totalling 1.6 billion Danish Kroner (about \$255.6 million) since 1982. The money has been used to aid the development and construction of about 60 projects in 17 provinces and cities.

In January and April this year, the Danish and Chinese governments held talks on Denmark's resumption of concessionary loans to China, the statement said.

The agreement signed yesterday is part of the Danish government's loan package to China aimed at furthering Sino-Danish economic co-operation and trade.

Jelved said at the signing ceremony that "in addition to this agreement, Denmark and the Chinese Ministry of Foreign Trade and Economic Cooperation have also approved 11 large projects".

Qian Qichen Meets Finnish President 3 Jul

OW0507095294 Beijing XINHUA Domestic Service in Chinese 0146 GMT 4 Jul 94

[By reporter Zhao Changchun (6392 7022 2504)]

[Text] Helsinki, 3 Jul (XINHUA)—Finnish President Ahtisaari met today at the presidential summer villa with Qian Qichen, Chinese vice premier and foreign minister, who is currently visiting Finland.

Qian Qichen first conveyed President Jiang Zemin's cordial regards and good wishes to President Ahtisaari, and he expressed the hope that President Ahtisaari will visit China at an earlier date.

President Ahtisaari expressed satisfaction over the development of Finnish-Chinese relations and said he hoped very much that his visit to China will be realized at an earlier date.

Ahtisaari also said that Finland's joining the European Union does not mean that it is overlooking its relations with countries outside Europe. He said: Finland is very interested in China. I myself admire China's achievements in economic development. China's influence has increased day by day, not only in Asia, but also in the whole world. Finland now attaches even greater importance to developing its relations with China.

Qian Qichen said: We understand that, in the new situation, European countries need to strengthen mutual contacts and cooperation, but this does not mean that Europe will close its doors. Europe is one of China's largest trade partners. Although China and Finland are geographically far apart from each other, relations between the two countries have been very good. Since China and Finland established diplomatic ties in the early 1950's, relations between the two countries have been very friendly, no matter what changes have taken place. Qian Qichen said he believed that the friendly and cooperative relations between China and Finland will continue to develop.

During the meeting, the two leaders also exchanged views on the situations in Europe, the Balkan region, and Asia, and on other international issues of common concern. The two sides were of the opinion that efforts should be made to solve problems in the regions concerned through peaceful negotiations.

After the meeting, President Ahtisaari hosted a luncheon in honor of Qian Qichen and his party.

Meets Finnish Counterpart

OW0507112794 Beijing XINHUA Domestic Service in Chinese 0232 GMT 4 Jul 94

[By reporter Zhao Changchun (6392 7022 2504)]

[Text] Helsinki, 3 Jul (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister, held talks with Finnish Foreign Minister Heikki Haavisto here today. They said that they would like to see a higher level of bilateral trade and economic cooperation achieved through joint efforts.

Qian Qichen said: A trend of all-around development has emerged in Chinese-Finnish relations. Frequent exchanges of high-level visits between the two nations have played an irreplaceable role in promoting bilateral relations. He pointed out: Chinese-Finnish economic cooperation and trade have developed rapidly. Fresh progress has been made in cooperation in the fields of science and technology. Exchanges in the cultural, sports, educational, and other fields have also been very brisk. Finland is distinguished in forestry, timber processing, and such newly emerging sectors as telecommunications and environmental protection. Economic cooperation in these sectors between the two countries has great potential and bright prospects.

Qian Qichen said: The Chinese Government and people take relations with Finland seriously, and we are ready to further promote friendship and cooperation in all areas, expand the channels of cooperation, and raise the level of cooperation with Finland.

Speaking of the current situation in Europe, Qian Qichen said: Under the new conditions in Europe in the wake of the Cold War, it is important for Finland, a European nation, to develop close ties with Europe. He said: Not long ago, several European nations including Russia joined NATO's "Partnership for Peace" program. This is also understandable. After the Cold War, NATO's situation and role have also undergone changes. Europe is now in transition, and Europe's peace, prosperity, and stability are very important to the world. China hopes that in the process of forming a new security and cooperation structure, the situation will develop in a way conducive to peace and stability in Europe and the world over, and that Europe will not turn into a closed, trade-protectionist group.

Foreign Minister Haavisto said that the development of Finnish-Chinese relations has been very good and very smooth.

He stressed that trade and economic relations have been excellent, too. He agreed with China's view that there is great potential for bilateral economic cooperation and trade. He noted that the two nations also see eye to eye on China's opinions concerning the sectors in which the two sides should pursue cooperation. Finland would like to see a higher level of Finnish-Chinese trade and economic cooperation achieved through joint efforts.

He said he was glad that China understood Finland's move to join the EU, and that Finland agreed with China's opinion that NATO's role will undergo changes under the new situation. He said that his country hoped that NATO would play a role in seeking peace in Europe.

Haavisto noted that Finland supports China's joining GATT. Qian Qichen thanked him for that. During the talks, the two foreign ministers also exchanged views on a wide range of international issues of mutual concern. The two sides share identical and similar views on many issues.

Present at the talks were Chinese Vice Foreign Minister Dai Bingguo, Chinese Ambassador to Finland Zheng Jinjiong, and Finnish Ambassador to China Ristimaki.

Ends Visit to Finland

*OW0407040194 Beijing XINHUA in English 0334
GMT 4 Jul 94*

[Text] Helsinki, July 3 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen ended his two-day visit to Finland here today.

During his stay, Qian met Finnish President Martti Ahtisaari.

Ahtisaari expressed his satisfaction with bilateral relations, and said that he hoped to visit China soon.

He stressed that Finland's joining the European Union (EU) did not mean that Finland would neglect its relations with countries outside Europe. Rather, Finland would put greater emphasis on Sino-Finnish relations, in view of China's increasing influence in Asia and throughout the world, he said.

Qian said the need of the countries of Europe to strengthen their integration and cooperation was understandable, and there was no need for Europe to shut the door to the rest of the world.

He went on to say that relations between China and Finland have been good since they established diplomatic relations in the 1950s, and that he believed cooperation between them would continue to grow.

Qian also held talks with Finnish Foreign Minister Heikki Haavisto today.

The two agreed that the economic cooperation between their countries had great potential, particularly in timber processing, telecommunications and environmental protection. They said they would like to see a higher level of bilateral trade achieved through a joint effort.

Haavisto said he was glad that China understood Finland's move to join the EU, and his country hoped that NATO would play a role in seeking peace in Europe.

The two foreign ministers also exchanged views on other international issues of mutual concern.

France To Renew Trade Aid to China

*HK0407084794 Hong Kong AFP in English 0703 GMT
4 Jul 94*

[Text] Beijing, July 4 (AFP)—France has renewed a financial accord providing money for projects in China by French firms in a quick sign of stronger links to come out of a visit by Foreign Trade Minister Gerard Longuet.

The minister announced the resumption of the financial protocol on Monday, a day after arriving with 100 company chiefs on a seven-day visit to boost trade.

Longuet opened a Franco-Chinese economic seminar on Monday and was to meet President Jiang Zemin later in the day.

The value of the new financial accord was not given but Longuet said it would be a "significant" amount. He added that it would be signed during his week-long trip.

There was no agreement in 1993 as the two countries quarrelled over French arms sales to Taiwan. In 1992, China was the main beneficiary of French foreign trade aid, receiving about 210 million dollars.

Longuet is seeking to build on renewed ties developed by French Prime Minister Edouard Balladur in April.

Chinese Foreign Trade Minister Wu Yi was present for the opening of the joint business seminar on Monday and Longuet has invited her to Paris in September. Wu will go to France a week before Jiang starts an official visit.

The Chinese minister noted that 120 countries were investing in China, which by 2000 should be importing about one trillion dollars worth of goods.

Longuet said France was aware of "and understands" China's hope to return to the General Agreement on Tariffs and Trade in time to be a founder member of the new World Trade Organisation which is to replace it in January.

Minister Signs \$109-Million Trade Deal

*HK0407123494 Hong Kong AFP in English 1143 GMT
4 Jul 94*

[Text] Beijing, July 4 (AFP)—French and Chinese ministers on Monday signed a financial protocol under which France will give 604.5 million francs (109 million dollars) in aid to its companies working in China.

The accord was signed by French Foreign Trade Minister Gerard Longuet and Wu Yi, his Chinese counterpart.

No deal was signed in 1993 because relations cooled over French arms sales to Taiwan.

Businessmen Sign Contracts

*OW0407131194 Beijing XINHUA in English 1257
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Business people from both China and France signed here this evening more than 20 cooperative contracts or letters of intent, covering deals worth a billion U.S. dollars in all.

They are in the fields of energy, communications and telecommunications.

Wu Yi, China's minister of foreign trade and economic cooperation, and the visiting french minister of industry, posts, telecommunications and foreign trade, Gerard Longuet, in addition signed a memorandum of the talks they had held.

Several other cooperative agreements and protocols between the two governments were also signed here this evening.

Jiang Zemin Stresses Importance of Ties With France

*OW0407131494 Beijing XINHUA in English 1257
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Chinese President Jiang Zemin said here today that China has always attached importance to the development of relations with France.

Jiang made the remark during a meeting with French Minister of Industry, Posts, Telecommunications and Foreign Trade Gerard Longuet here today.

Extending a welcome to longuet and his large economic and trade delegation, Jiang called the visit another important one since the visit by French Prime Minister Edouard Balladur in April.

Jiang said Sino-French relations have turned a new page.

He expressed the belief that the current visit would achieve positive results and promote Sino-french relations, in particular economic and trade ties.

"Both China and France have long histories and splendid cultures," Jiang said, "and both countries pursue an independent foreign policy."

"The Chinese Government has always attached importance to the development of relations with France. Maintaining long-term, stable and friendly cooperative relations between the two countries is in the interest of the two peoples," he said.

On economic cooperation and trade, Jiang said the two countries are economically complementary and there is a good basis as well as broad prospects for such cooperation.

He expressed the hope that france will take advantage of this chance to widen economic and trade cooperation with China, since such cooperation has great potential.

Longuet's delegation includes leaders of large, medium and small enterprises of France. The minister said he had good talks with China's minister of foreign trade and economic cooperation, Wu yi, earlier today. He added that the two ministers had exchanged views in a sincere manner on bilateral economic and trade ties and on China's regaining its position as a signatory state of the General Agreement on Tariffs and Trade (GATT).

Longuet and his delegation arrived here July 3 at the invitation of Wu Yi.

Jiang Meets Trade Minister

OW0407142994 Beijing XINHUA Domestic Service in Chinese 1016 GMT 4 Jul 94

[By reporter Zhang Rongdian (1728 2837 0368)]

[Text] Beijing, 4 Jul (XINHUA)—During a meeting this afternoon at the Zhongnanhai with Gerard Longuet, French minister of industry, posts, telecommunications, and foreign trade, and his party, President Jiang Zemin emphatically pointed out that China had always placed importance on developing relations with France.

Jiang Zemin expressed welcome to Longuet's leading a large French economic and trade delegation to visit China. He said: Your visit is another important one by a French official following Prime Minister Balladur's visit to China in April. A new chapter has been opened up in Sino-French relations. He said he believed Longuet's visit would yield positive results and will be a positive driving force for the development of Sino-French relations, especially economic and trade relations.

Jiang Zemin said: "Both China and France have long histories and magnificent cultures and pursue an independent foreign policy. The Chinese Government has always placed importance on developing relations with France. Maintaining long-term, stable, friendly, and cooperative relations between our two countries is in line with the two peoples' fundamental interests."

Speaking on the bilateral economic and trade relations, Jiang Zemin said: The Chinese and French economies are highly complementary to each other. Therefore, a good foundation of cooperation exists and the prospects of cooperation are broad. He hoped France will seize the opportunity and take advantage of its resources to actively promote economic and trade cooperation with China. Jiang Zemin said a huge potential exists in developing economic and trade cooperation between China and France.

Longuet expressed his gratitude to President Jiang Zemin for meeting him. He said: Members of my large economic and trade delegation include persons in charge of large, medium-size, and small French enterprises. This morning, I had good talks with Minister of Foreign

Trade and Economic Cooperation Wu Yi, and we frankly and sincerely exchanged views on developing economic and trade cooperation between France and China and on resuming China's signatory status in GATT.

Wu Yi attended the meeting.

At Wu Yi's invitation, the French Government economic and trade delegation headed by Longuet arrived in Beijing on 3 July for a visit.

Premier Li Peng Arrives in Germany

*OW0307154894 Beijing XINHUA in English 1531
GMT 3 Jul 94*

[Text] Bonn, July 3 (XINHUA)—Chinese Premier Li Peng arrived here today from Vienna, Austria, to begin a week-long official visit to Germany.

He was greeted at the airport by Chinese Ambassador to Germany Mei Zhaorong and German protocol officials.

Bonn is the second leg of his current three-nation European tour which will also take him to Romania.

Accompanying Li on the visit are Vice-Premier Li Lanqing and other government officials as well as some business leaders.

Further on Arrival

*OW0307182694 Beijing XINHUA in English 1709
GMT 3 Jul 94*

[Text] Bonn, July 3 (XINHUA)—Chinese Premier Li Peng arrived here this afternoon for a week-long official visit in a bid to boost friendly cooperation between China and Germany.

Germany is the second leg of the premier's three-nation European tour, following his five-day official visit to Austria.

In a written speech issued upon his arrival at the airport, the Chinese premier said that the German people is a great people and Germany is a country playing a major role in European and international affairs.

China and Germany enjoy a long history of exchanges and the two peoples share a long history of friendship, Li said.

Li said that in recent years, bilateral relations have been developing in every field, with more high-level exchanges of visits, political consultations and rapid growth of trade and economic cooperation.

Exchanges in the fields of science and technology as well as culture and education have also become more and more active between the two countries, he added.

Great achievements have been made in bilateral relations, Li said, adding that such ties enjoy broad prospects for further cooperation.

He expressed the conviction that his visit will further promote friendship and understanding between the two peoples, increase mutually-beneficial cooperation and push forward bilateral relations.

Federal Chancellor Helmut Kohl will preside over a ceremony to welcome the Chinese premier Monday [4 July] morning before their talks on ways to further bilateral relations and other issues of common interest.

Premier Li will also meet with President Roman Herzog and other German leaders.

Li's entourage includes his wife Zhu Lin, Vice-Premier Li Lanqing and three other cabinet members.

Also travelling with the Chinese premier is a delegation of leaders of 30 major Chinese enterprises.

Li Peng, Kohl Begin Talks in Bonn 4 Jul

*OW0407100394 Beijing XINHUA in English 0939
GMT 4 Jul 94*

[Text] Bonn, July 4 (XINHUA)—Visiting Chinese Premier Li Peng and German Chancellor Helmut Kohl began talks at the chancellor's office at 10:00 this morning.

Their talks are expected to cover bilateral relations and international issues, especially ways to further the economic and trade ties between China and Germany.

After the talks, the two leaders will witness a signing ceremony at which several government agreements and business contracts will be signed.

Before the talks, Chancellor Kohl presided over an official welcome ceremony for the Chinese premier, which included the playing of national anthems and a review of guard of honor.

Discuss Ties

*OW0407160594 Beijing XINHUA in English 1536
GMT 4 Jul 94*

[By Yuan Rongsheng]

[Text] Bonn, July 4 (XINHUA)—Chinese Premier Li Peng and German Chancellor Helmut Kohl held "in-depth" talks here today on bilateral relations and international issues.

During the talks, described as being "sincere and friendly", both leaders expressed satisfaction over the development of Sino-German relations since Kohl's visit to China last November.

The Chinese premier, who arrived on Sunday [3 July] for a week-long official visit, said that Kohl's China visit has ushered in a new stage of development of bilateral relations not only in the economic field but also in political, cultural and educational spheres.

"It is particularly worth noting that economic and trade cooperation has seen a rapid expansion." Li added.

According to Li, Sino-German trade exceeded 10 billion U.S. dollars last year and registered a 41.5 percent rise in the first quarter of this year as compared with the same period last year.

The Chinese premier further noted that although Sino-German economic and trade cooperation has been developing rapidly, the cooperation at the current level is only the beginning compared to the potential of the two countries' economic strength.

Li told Kohl that about 30 business leaders of major Chinese enterprises accompanying him on the visit will sign a series of business contracts or letters of intent with their German counterparts, which will cover areas including iron and steel, energy, the chemical industry and communications.

Premier Li told Kohl that China is willing to develop a long-term and stable relationship of all-round cooperation with Germany.

German Chancellor Kohl said he agreed with the Chinese premier's assessment of Sino-German relations.

Kohl said that developing a long-term and reliable relationship with China is an important policy which he has personally advocated.

He said that he and the German Government will offer every possible support for the restoration of China's contracting nation status of the General Agreement on Tariffs and Trade.

He added that China is a major trading power in the world and should be integrated into the world trade system.

Kohl promised that Germany will also press for the liberalization and final removal of European restrictions on technological exports to China.

Both leaders agreed that the two countries should maintain the momentum of high-level exchanges and make joint efforts to ensure a sustained and steady development of bilateral relations.

On the international situation, the Chinese premier said that the world has been in a process of accelerated multi-polarization since the end of the Cold War, which has positive implications for maintaining peace and promoting development.

He said that as two major world powers, China and Germany should strengthen their cooperation, which will help promote world peace and stability.

Leaders Sign Trade Documents

OW0407170094 Beijing XINHUA in English 1633
GMT 4 Jul 94

[Text] Bonn, July 4 (XINHUA)—Visiting Chinese Premier Li Peng said today that dozens of government agreements and business contracts worth 3.5 billion U.S. dollars will be signed during his week-long visit to Germany.

The premier made the announcement here today at a ceremony, at which he and German Chancellor Helmut Kohl signed or witnessed the signing of seven documents on trade and economic cooperation at the chancellor's office.

But many more contracts will be signed elsewhere in the next few days by Chinese business leaders who are accompanying the Chinese premier on the visit.

Of the seven documents, the first one was signed by Li and Kohl, which deals with Sino-German cooperation in infrastructure.

The rest covers the areas of vocational education, financial cooperation, power generation and steel rolling equipment.

Before these documents were signed, Premier Li said at the ceremony that business contracts of such a magnitude are very impressive, but there is room for even greater cooperation if the economic strength and potential of the two countries are considered.

Li said he looks forward to a long-term, reliable, equal and mutually-beneficial relationship between China and Germany.

He urged German business community to increase investment in China.

Also speaking at the signing ceremony, Kohl said that one of his most important goals is to promote the development of German-Chinese relations in all fields.

Sign Pact on Infrastructural Cooperation

OW0507062594 Beijing XINHUA Domestic Service in Chinese 1637 GMT 4 Jul 94

[By reporters Hu Xudong (5170 2485 2639) and Zhang Yijun (1728 4135 0193)]

[Text] Bonn, 4 Jul (XINHUA)—After ending their talks this morning, China State Council Premier Li Peng and German Chancellor Helmut Kohl attended a ceremony at the chancellor's office where seven Sino-German government agreements and contracts on economic cooperation were signed.

Before the signing ceremony began, Kohl and Li Peng successively delivered impromptu speeches.

Li Peng said: During his visit to Germany, China and Germany will sign agreements, contracts, and letters of

intent worth about \$3.5 billion. He stressed: There is enormous potential for China and Germany to develop economic cooperation. There is a bright future for bilateral economic and trade cooperation.

Kohl said: One of his most important personal objectives is to "enhance the development of Sino-German relations in all fields." He said: The Asia-Pacific region is one of the most active regions in the global economy. The German Government has formulated the "Asia Program" that regards China as the center for developing relations with the Asia-Pacific region. Kohl held that German-Chinese relations should be "long-term and reliable."

Li Peng appreciated Kohl's remarks. He said: "I agree with Chancellor Kohl's statement that Sino-German relations should be long-term and reliable. I think we can add equal and mutually-beneficial to describe the relations. The guiding principle for future Sino-German relations is that they should be long-term, reliable, equal, and mutually-beneficial."

Li Peng also introduced China's three-gorge construction project and extended his welcome to German entrepreneurs to join in bidding for the project.

Immediately afterward, Li Peng and Kohl signed a Sino-German Government joint communique on infrastructural construction projects. According to the communique, China and Germany will form committees to facilitate bilateral cooperation in infrastructural construction projects including communications and telecommunications projects.

Chinese and German Government officials also signed a joint communique on promoting vocational education in China, an agreement on forming a German-Chinese railway task force, and a 1994 accord on facilitating Sino-German Government financial cooperation (worth about \$120 million). Furthermore, Chinese and German entrepreneurs respectively signed a contract worth \$550 million to jointly install two sets of 660,000-kilowatt coal-powered generators in Hebei's Hanfeng Power Plant, and a contract worth nearly \$100 million to install cold-rolling equipment in Shanghai's Baoshan Iron and Steel Complex Corporation. The Bank of China and the German Reconstruction Credit Bank [de guo chong jian xin dai yin hang 1795 0948 6850 1696 0207 6313 6892 5887] exchanged notes on the general agreements on buyers' credit (worth about \$310 million).

Both sides will sign several other economic contracts and letters of intent this afternoon and tomorrow.

Germany's Kohl Hosts Banquet for Li Peng

OW0507101194 Beijing XINHUA Domestic Service in Chinese 0305 GMT 5 Jul 94

[By reporters Xia Zhimian (1115 3112 3094) and Yuan Rongsheng (5913 2837 3932)]

[Text] Bonn, 4 Jul (XINHUA)—German Chancellor Kohl gave a welcoming banquet here this evening for visiting Chinese Premier Li Peng. Figures from various circles in Germany and members of Li Peng's entourage attended the banquet—more than 150 people altogether. In a warm, friendly atmosphere, they congratulated each other on the further development of friendly relations and cooperation between the two countries.

In his toast, Kohl once again extended a welcome to Premier Li Peng. He said that German-Chinese relations have further developed since his visit to China in November and that it is now possible to make a positive assessment of many areas of bilateral cooperation discussed during his visit. He added that his country is willing to further promote direct German investment in China and to cooperate with Chinese enterprises.

Kohl said: China has been playing a constructive role in solving major conflicts in the world. China is very important to political stability in the world. He said that China occupies a key place in Germany's Asia policy.

He expressed the hope that Germany and China will continue their dialogue over human rights issues in a trusting and careful way and that they will find a constructive solution to the issues.

After Kohl's speech, Premier Li Peng spoke. He expressed his sincere gratitude for the hospitality accorded by Chancellor Kohl and for the friendly speech he made at the banquet.

He said: "I have been fortunate to have had the opportunity to visit your country many times. The industriousness and wisdom of the German people have impressed me deeply. The great German people have made tremendous contributions to the development of human civilization. After the war, the people of Germany rebuilt their homes with tenacious willpower and indomitable stamina, turning Germany into a modernized country with a developed economy, advanced science and technology, and expertise in management. The experiences of the German people in economic development and national construction are worth learning from. I have come to visit your country with the purpose of enhancing mutual understanding, strengthening mutual trust, expanding mutually beneficial cooperation, and advancing the all-around development of relations between the two countries. This morning, I held fruitful talks with Chancellor Kohl in a sincere atmosphere, and we reached a consensus on a wide range of issues. This morning both sides signed a number of government agreements—which will be of great significance to the long-range development of bilateral relations—and economic and trade contracts, agreements, and letters of intent involving a large sum of money. This fact has once again shown that there exist big potential and bright prospects for bilateral cooperation in various areas.

"Mr. Chancellor, new progress has been made in the development of bilateral friendly relations and cooperation since your successful visit to China last year. Bilateral political consultations and exchanges at various levels have been further strengthened, and mutual understanding between the peoples of the two countries has been deepened; economic and trade exchanges have been developing rapidly; friendly relations between the federal states and the provinces have been further expanded; and positive results have been attained in bilateral cooperation in the fields of culture and education. In both scale and quality, Sino-German relations have entered a new period of all-around development. This is the result of bilateral efforts and is also the result of the farsighted China policy pursued by the German Government."

Li Peng pointed out: Sino-German relations are in one of the best periods of their history. I hope that both sides will cherish this opportunity and work together to further advance Sino-German relations.

Li Peng continued: "Mr. Chancellor just mentioned the human rights issue. Here, I would also like to take advantage of this opportunity to reiterate our basic stand on the issue. China has always attached importance to and has protected human rights, and it actively participates in relevant international activities in the sphere of human rights. China respects the 'UN Declaration on Human Rights' and has made positive contributions to the formulation of the 'Vienna Declaration.' We believe it is normal that some different views on human rights issue exist due different nations having different historical and cultural backgrounds. We endorse a well-meaning [shan yi 0810 1942] dialogue over the human rights issue on an equal footing. The talks between Chancellor Kohl and myself were held in line with this spirit. China is opposed to using human rights issue to interfere in other countries' internal affairs."

Li Peng said: "The current development of the situation provides a rare historical opportunity for mutually beneficial cooperation between China and Germany. Seizing the opportunity poses an important task for both sides. The Chinese Government and people have always attached a high degree of importance to relations with the FRG. It constitutes an important aspect of China's foreign policy. We observe the following four basic principles in managing our relations with the FRG:

"1. Have our eyes on the future and maintain long-term friendliness [you hao 0645 1170]. There are no conflicts between China and Germany over fundamental interests. Both countries now are in an important phase of historical development. We are willing to work with the German Government and people to have our eyes on the next century, and we are willing to make due efforts to develop steady, long-term, and friendly cooperation between the two countries.

"2. Respect each other and boost confidence. Fully respecting the choice made by the people of each country

for themselves despite differences in social systems and ideologies is an important principle observed by China in handling its relations with other countries. The Chinese people have all along supported Germany's national unity. We appreciate the German Government's upholding the 'one China' policy. We are willing to further conduct closer contacts with Germany, to further deepen understanding while expanding cooperation, and to boost confidence, so as to lay a more solid foundation for friendly relations between the two countries.

"3. Promote development in an all-around way on the basis of equality and mutual benefit. China and Germany are important trading partners for each other. It is highly possible for the economies of the two countries to supplement each other. There are broad prospects for them to expand economic relations and trade. We are willing to further expand both the sphere and substance of cooperation, to enhance the level of cooperation, and to promote the development of economic relations between the two countries in an all-around way on the basis of equality and mutual benefit.

"4. Improve consultation and expand cooperation. Both China and Germany exert important influence over the regions in which they are located and also over the world. We are willing to see that Germany plays a greater role in international affairs, to improve consultation and cooperation with Germany in international affairs and in international organizations, and to make due contributions to maintaining world peace and stability and promoting the development of all mankind."

He said: "China has achieved tremendous successes in its reform and opening up over the past 15 years under the guidance of Deng Xiaoping's theory on building socialism with Chinese characteristics. We are deepening reform further and opening up wider to accelerate the establishment of a socialist market economic system. This year is a crucial one for China's economic reform, and a series of important reforms are being carried out. While carrying out a reform of the economic system, we are vigorously expediting the reform of our political system and are continuously promoting democracy as well as the building of a legal system. At present, China enjoys economic development, political stability, national unity, and social progress. We are full of confidence about the future of China's development even though we are bound to encounter many new contradictions and difficulties in our march ahead. China's development and becoming strong will open up broader prospects for it to expand cooperation with every other country in the world, including Germany."

Touching on international issues, Li Peng pointed out: "After the Cold War ended, a relative detente appeared in the international situation. However, the world is not very peaceful now. Some regions are in turmoil and even in chaos caused by endless wars. A number of developing countries have become poorer, and the issue of development is becoming even more conspicuous. On the whole, complicated and profound changes are still taking place

in the world. Maintaining world peace and promoting economic development remain the major tasks facing the international community. We are now in a transitional historic period between the 20th and 21st centuries. While endeavoring to create a glorious future for their own country, the Chinese people will steadfastly pursue an independent and peaceful foreign policy to develop friendly cooperation with every other country in the world on the basis of the Five Principles of Peaceful Coexistence. We are willing to make joint efforts with the people of every other country in the world to establish a new international political and economic order that is just and reasonable and to bring mankind into a 21st century that enjoys peace, development, and prosperity."

More on Banquet

*OW0507014494 Beijing XINHUA in English 0052
GMT 5 Jul 94*

[Text] Bonn, July 4 (XINHUA)—German Chancellor Helmut Kohl gave a welcome banquet here this evening for visiting Chinese Premier Li Peng.

In his toast, Kohl said that German-Chinese relations have further developed since his visit to China last November and deserve positive assessments.

He added that his country is willing to further promote direct German investment in China and cooperate with Chinese enterprises.

Kohl said China, which has been playing a constructive role in solving major conflicts in the world, occupies a key place in Germany's Asia policy.

He expressed the hope that Germany and China will continue their dialogue over human rights issues in a trusting and careful way.

In reply, Premier Li Peng described his talks with Kohl this morning as "fruitful," adding that consensus has been reached on a wide range of issues.

He said the economic and trade documents signed by the two countries this morning will have a significant impact on the long-term development of the two countries.

Li Peng said that China favors dialogue on human rights issues in an equal and friendly way such as demonstrated in his talks with Kohl this morning.

Li reiterated that human rights issues should not be used to interfere in the internal affairs of other countries.

Li Peng Meets With German SPD Chairman Scharping

*OW0507015994 Beijing XINHUA in English 0055
GMT 5 Jul 94*

[Text] Bonn, July 4 (XINHUA)—Visiting Chinese Premier Li Peng said here today China attaches great importance to developing its relations with Germany.

He said that China has always handled Sino-German ties in the perspective of the overall world situation and from a long-term point of view.

Li made the remarks during a meeting with Rudolf Scharping, chairman of the Social Democratic Party (SPD) of Germany.

The Chinese premier told Scharping that China is willing to develop its relations with all political parties in Germany.

More contacts will help promote mutual understanding and strengthen cooperation, he added.

Acclaiming Li's current visit to Germany as a good thing, Scharping said that his party intends to continue and further its relations with China.

Sino-German Economic Talks Held in Bonn

*OW0507020094 Beijing XINHUA in English 0047
GMT 5 Jul 94*

[Text] Bonn, July 4 (XINHUA)—A Sino-German economic meeting was held here today between economic ministers to discuss how to further their economic and trade cooperation.

Attending the meeting was Wang Zhongyu, Chinese minister in charge of the State Commission for Economy and Trade, and Guenter Rexrodt, german minister of economics.

The German minister said his country has been following the rapid growth of China's economy with great interest. The German business community has realized that China's economic development will offer greater opportunities for them to invest in China, expand trade and establish an even closer partnership with their Chinese counterparts, he added.

The Chinese minister briefed Rexrodt on China's long-term economic plans and industrial policy. He said that the Chinese and german economies are highly mutual-supplementary and have broad prospects for closer cooperation in communications, telecommunications, energy, iron and steel, and petrochemical industry.

He said both China and Germany should seize this historic opportunity to expand their cooperation.

NPC's Tian Jiyun Receives German Economic Figure

*OW0507090794 Beijing XINHUA in English 0824
GMT 5 Jul 94*

[Text] Beijing, July 5 (XINHUA)—Tian Jiyun, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with Juergen Franzen, director and coordinator of Germany's Asia-Pacific Regional Business Committee, here today.

The two sides exchanged views on Sino-German economic relations.

Chen Haosu, vice-president of the Chinese People's Association of Friendship With Foreign Countries (CPAFFC), took part in the meeting.

Franzen and his party arrived here Sunday [3 July] for a visit to China as CPAFFC's guests. Apart from Beijing, they are also expected to travel to Shanghai and Guangzhou.

Political & Social

Qian Qichen Arrives in Beijing 4 Jul

*OW0407083794 Beijing XINHUA in English 0816
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen returned here by air this morning after ending his successful official visits to Russia, Belarus, Lithuania, Estonia and Finland.

He Chunlin, deputy secretary-general of the State Council, and Tian Zengpei, vice-foreign minister, as well as the above countries' ambassadors and embassy officials stationed in Beijing were among those who met Qian at the airport.

Zhu Rongji Chairs State Council Meeting

*OW0407153894 Beijing XINHUA in English 1449
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—The State Council, China's cabinet, has examined and passed in principle two regulations, dealing with meteorology and protection of farmland, at today's executive meeting.

The 22nd meeting of the State Council was presided over by acting Premier Zhu Rongji.

The meeting also approved a special regulation on overseas flotation for share-holding limited companies.

Today's meeting was told that China has vast land and complicated climates, which bring difficulty in meteorological forecasting. The new regulation is expected to strengthen the work so as to prevent and reduce natural disasters.

The farmland regulation will help to protect the limited areas of cultivated land which have been decreasing rapidly in recent years as a result of excessive industrial and residential use of such land.

The three new edicts will soon be promulgated by the State Council after further revision.

Jiang Zemin Gives Speech on Studying Marxism

OW0107085594 Beijing XINHUA Domestic Service in Chinese 1210 GMT 30 Jun 94

[Speech delivered by Comrade Jiang Zemin at a discussion on 7 March 1994 with comrades attending the national party school work conference: "Study, Study, and Study Again"; published in the 1 July 1994 issue of the fortnightly journal QIUSHI (SEEKING TRUTH), the title of speech has been added by the editor of QIUSHI—the above information is provided by XINHUA and appended to the item]

[Text] Beijing, 30 Jun (XINHUA)—[Speech by] Jiang Zemin: Study, Study, and Study Again

1. The whole party must attach importance to and step up study

In recent years, we have repeatedly asked you to "study, study, and study again." This is too important a matter. I specially discussed it in a speech in July last year. Today, I would like to take this opportunity to emphasize again that the whole party should attach importance to and step up study.

You must still remember that when the central committee decided to shift the stress of the work of the whole party to socialist modernization in December 1978, Comrade Deng Xiaoping unequivocally proposed: "The whole party must start learning again." He said: Basically, we should study Marxism-Leninism and Mao Zedong Thought and try to integrate the universal principles of Marxism with the concrete practice of our modernization drive. The broad masses of the cadres should study economics, science and technology, and management. Only if we study these well will we be able to carry out socialist modernization rapidly and efficiently. In 1980, Comrade Xiaoping said: "Facing constantly emerging new problems, our party should always study, we communists should always study, and we Chinese people should always study. No one should be satisfied with lagging behind, and no one who lags behind can survive." At the national conference of party delegates in 1985, he emphatically pointed out: "Now I would like to propose a new requirement—the study of Marxist theory, a requirement not only for new cadres but for old cadres as well. Some cadres may say: We are now busy with construction and what we need most is professional knowledge and managerial skills. What immediate use is there in studying Marxist theory? Comrades, this is a misconception." "I hope that the Central Committee will formulate a practical and workable decision so that party cadres at all levels, but above all leading cadres, will find some time in their busy schedules to study so as to become well-versed in basic Marxist theory, acquire a stronger sense of adhering to principles in work, a systematic approach, foresight and creativity. Only thus can our party keep to the socialist road and build socialism with Chinese characteristics until the realization of our ultimate goal—communism." During his southern China inspection tour in the spring of 1992, Comrade Xiaoping discussed some serious twists and turns in some countries and pointed out: "Don't think that Marxism will disappear, become useless, and fail. There will be no such thing!" These remarks of Comrade Xiaoping's are pregnant with meaning. We should seriously understand and implement them.

Our party has always set great store by study. Whenever revolution and construction develops to a critical turning point and whenever the whole party faces a new situation and tasks, we stress even more the need to study. Every step of advance taken and every victory won in our party's cause over the past seven decades are inseparable from the study and advancement made by all

party comrades. Fruitful results achieved in several extensive study drives by the entire party membership were especially noticeable.

The Yanan period marked the end of the 10-year civil war and the beginning of the War of Resistance Against Japan by the whole nation. Within the party itself, the history of dominance by erroneous lines came to an end and the correct line represented by Comrade Mao Zedong won the support of the whole party. Mao Zedong Thought became the guiding ideology for the whole party. Under these new circumstances, comrades of the party—by way of studying Marxism and Leninism and summing up historical experience—unified their understanding in line with Mao Zedong Thought and enhanced unity. This had a tremendous impact on the victory of the War of Resistance Against Japan and the liberation war.

On the eve of the republic's founding, our party and people of all nationalities faced a great historical turning point that was never seen before: that is, the change from an old China into a new China, from new democratic revolution to socialist revolution and construction, and the shift of the focus of party work from countryside to cities. At this critical turning point, Comrade Mao Zedong called on all comrades of the party to take on the brand new tasks and endeavor to study the things they were not familiar with or did not understand. That study campaign was very successful. Shortly after we entered the cities, we quickly brought about social stability, restored the national economy, successfully accomplished socialist transformation, and embarked on all-round socialist construction. All these successes should be attributed to our efforts to study.

Following the Third Plenary Session of the 11th CPC Central Committee, China's endeavor to build socialism entered a new development period. At Comrade Deng Xiaoping's proposal, the party launched a campaign to renew study. The remarkable achievements in China's reform, opening up, and modernization over the past dozen years or so should, to a large extent, be attributed to our efforts to study. At present, we are faced with many new tasks and new problems. The global pattern has undergone tremendous changes, and science and technology are bringing about changes day after day. Domestically, China is in the process of transforming the old planned economy into a socialist market economy. The new situation has presented a new study task.

Looking back at our party's bountiful experiences over the past several decades, it is of crucial importance to steadfastly take our own road by persistently integrating the basic tenets of Marxism with China's reality, and to diligently study and continually do pioneering work based on the needs of the situation and tasks facing the party at different periods of time. New contradictions, new problems, new situations, new knowledge, and new experience will emerge one after the other during the critical historic turning point. We must set great store by

study. Analyzing new contradictions, solving new problems, studying new situations, gaining new knowledge, and exploring new experience—they are not only a new process of practice but also a new process of learning. Without increased study efforts, we will find ourselves in an aimless, passive, and backward position and will lose our leadership initiative. It is precisely because our party upholds the fine tradition of study and continually promotes and strengthens the integration of Marxist theory with China's national conditions based on changes in the situation and tasks that our party has been able to overcome dangers and difficulties, to develop from a small and weak to a big and strong party and from a naive to a mature party, to unite and lead the broad masses of people in taking the road of revolution and construction commensurate with China's national strength, to open up a new situation, and to advance from victory to victory.

The shaping of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics indicated that a new leap occurred in our party's knowledge of building socialism. This theory is the latest result of integrating Marxism with the reality of China and a new development of Mao Zedong Thought. Under the guidance of the theory, the 14th Party Congress set the reform goal of establishing a socialist market economic structure. The decision adopted at the Third Plenary Session of the party's 14th Central Committee portrayed the basic framework of a new economic structure. Reform in our country has entered a new stage of combining package reform with breakthroughs in key areas, touching on economic, political, cultural, social, and other fields. People now feel that the situation is developing rapidly, that there are many new problems, especially knotty ones, and that their work is becoming increasingly difficult. This shows that the establishment of a new economic structure, the further liberation and development of productive forces, and the acceleration of socialist modernization have set new, higher demands for us in theory, policy, knowledge, and work. There are many things we are not familiar with or have no knowledge of. What should we do? The only way out is to admit that we do not have enough knowledge and that we should study hard in order to grasp new knowledge and continuously acquire new skills. If one remains where one is, it will be like "a boat sailing against the current which must forge ahead or it will be driven back." In such a case, it is very difficult for one to meet the needs of the new, developing situation. The more the situation develops, the more outstanding this problem becomes. It should also be fully noted that our drive for socialist modernization is being undertaken in a complicated, volatile international environment. The world is still far from tranquil since the bipolar structure came to an end. The present international competition, although complex and in a variety of forms, is essentially a competition in overall national strength based on economic, scientific, and technological power; in a sense, it is a competition between talents, between the abilities of leaders, and between the quality of one nation and that

of another. In the fierce international competition, we should seize opportunities to develop ourselves in order always to remain invincible. We must work hard and study hard at the same time. A party, a country, and a nation, especially a big party and country and a nation with a large population like ours, must arm themselves with scientific theories and grasp various kinds of new knowledge; otherwise, they just cannot take off and have no prospect of modernization. Therefore, the question of study concerns the progress of large numbers of cadres, the prosperity or decline of the country and nation, and the success or failure of the cause of socialist modernization. The whole party and the entire nation should have such a common understanding.

All party comrades should study hard, and leading cadres at all levels should take the lead in doing so. "Those in the dark are in no position to light the way for others" and to take on heavy responsibilities as leaders in reform, opening up, and the modernization drive. In the face of the new situation and tasks, leading cadres have many things to learn. Generally, they should study two major aspects—the theory of Marxism and the practice of society and the masses. As far as the requirements for leadership work are concerned, it is fundamental to thoroughly study the theory of building socialism with Chinese characteristics and, at the same time, to study the basics of the socialist market economy, relevant principles, policies, laws, and regulations, and to study the basics of modern science and technology. In addition, it is also necessary to study Chinese history and world history, especially modern and contemporary history.

Today, I want to emphatically point out once again that, in studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, we must pay special attention to the quintessence of emancipating our minds and seeking truth from facts and painstakingly study and grasp the scientific world outlook and methodology of dialectical and historical materialism running through Comrade Deng Xiaoping's works. With a correct stand, viewpoint, and method, we can fairly easily, comprehensively and correctly grasp the party's line, principles and policies and various reform plans, and can avoid a one-sided view and absolutism. We can thus fairly easily unify our thinking in implementing them and reduce unnecessary arguments. We can thus have a pioneering, pragmatic, and creative spirit in our work, and avoid subjectivism and blindness in action. In past years we have studied and applied Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, but the work results are not the same. Some locales and departments have done better than others in handling relations between the "one central task and two basic points"; between reform, development and stability; between speed and economic efficiency; between the development of market forces and the strengthening of macroeconomic regulation and control; between the building of material civilization and that of spiritual civilization; and between reform and

opening up on the one hand and the crackdown on crime and the anticorruption struggle on the other. There are many reasons for these problems. Judging from our ideology and methods, the discrepancy between studying and applying a scientific world outlook and methodology is a very important reason. An important requirement for leading cadres at various levels is that they must have a good grasp of materialist dialectics through study and do away with idealism and metaphysics.

In studying historical materialism at present, we should lay stress on grasping the Marxist mass viewpoint and the party's mass line. It is a necessary to do so in order to adhere to the party's basic line, to implement the party's principles and policies, to improve our leadership style, to effectively perform our work, remodel our world outlook, and to oppose corruption and advocate honesty. The Sixth Plenary Session of the 13th CPC Central Committee made a particular decision on this issue, and we have also stressed it repeatedly in recent years. At the third plenary meeting of the Central Discipline Inspection Commission held a few days ago, I again stressed this issue in order to further call the attention of all party comrades to the issue. Our leading cadres at various levels, especially middle-aged and young cadres, must take "whether the people support it or not," "whether the people approve of it or not," "whether the people are happy or not," and "whether the people consent or not" as the starting point and aim of all their work as required by Comrade Deng Xiaoping. We must constantly go deep among the masses at the grassroots level, conscientiously study things through practice, learn from the masses, and firmly prevent and overcome bureaucratism and formalism which are divorced from the masses.

In short, we should properly promote study among all party members. I hope that leading cadres will take the lead in competing with each other in study. The leading cadres should study in a solid and effective manner and see who can study more and better and with greater results. We should strive to form a common practice of study with a great interest throughout the party and the whole country to ensure that all our work will go on smoothly.

2. The Work of the Party School Must Follow the Principle of Combining Theory With Practice.

Combining theory with practice is a fine tradition, a fine work style, a fine study style, and a special advantage of our party. Persisting in combining theory with practice is an important matter which must be properly handled in order to strengthen and improve our theoretical study, and is also an important principle by which to perform all our work effectively.

To properly handle the relationship between reform, development and stability and to achieve new breakthroughs in the drive for socialist modernization, we must strive to make good progress in combining theory with practice. At present, some of our cadres have the problem of lacking theoretical study and losing contact

with reality. They are not doing very well in combining theory with practice. We must look squarely at this matter. Comrade Mao Zedong said that we should study Marxism for the purpose of applying it and should use the "arrow" of Marxism to shoot the "target" of China's revolution. Comrade Xiaoping also said that we should study the essence of Marxism in order to apply it effectively. We should persist in combining the fundamental tenets of Marxism with the concrete practice of China's socialist modernization.

We should strengthen and improve the work of party schools and raise their level of teaching and scientific research to a new high level. Fundamentally speaking, we should proceed from the special characteristics of party schools to further solve the problem of combining theory with practice. The party schools are mainly to train leading cadres at various levels. The main task of education at party schools is to help students raise their level of understanding Marxist theory, to increase their ability to use Marxist theory to solve practical problems, and to help their students enhance their party spirit through study. Therefore, combining theory with practice is especially important at party schools. Adherence to the party's basic line unswervingly for 100 years concerns the future and fate of our party and country, and so we must not have the slightest vagueness in this regard. The party's basic line is based on scientific theories. When we stress the need to unswervingly adhere to the party's basic line, we must also stress the need to unswervingly adhere to the party's basic theory; because the two are consistent. Only by unswervingly adhering to the party's basic theory can we unswervingly adhere to the party's basic line.

Only when we persist in integrating theory with practice can we constantly raise the quality of teaching at party schools. To persist in integrating theory with practice, we must first of all attach importance to and study theory in a satisfactory manner and not stop after acquiring a little knowledge of theory, content with a general and literal understanding. The formation of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics marks a new high level of our party's theoretical standing. However, this does not mean that all party organizations, party members, and party cadres have naturally solved the problem of arming themselves with theory. To raise the theoretical level of party organizations, party members, and party cadres at all levels, it is imperative to undergo a course of painstaking study. Only if you are capable of using the theory to solve problems on our advancing road can you say you have truly grasped the theory. We cannot shoot "an arrow" without "a target," nor can we reach the "target" without "an arrow." We must persist in using theory to guide our practice. This is the basic purpose of our theoretical study. In studying the party's basic theory, we should link it with the history of our party and our actual work and thinking, sum up our experiences and lessons, and raise our consciousness and determination in comprehensively and correctly implementing the party's basic

line. Currently our reform and construction are faced with many major problems, and we urgently need to find correct answers to these problems through deep-going investigation and study under the guidance of the party's basic theory and basic line, including the problem of running state-owned large and medium enterprises, the problem of strengthening agriculture as the foundation of the national economy, the problem of protecting the dominant position of socialist public ownership, the problem of narrowing the economic gap between the eastern and western regions, the problem of solving unequal distribution of wealth in society, the problem of strengthening the great unity of all nationalities, the problem of strengthening and improving party leadership, and the problem of remaining invincible in international competition. In short, there are many major international and domestic issues we need to study. Party schools should organize students to penetratingly study these problems from the high plane of combining theory with practice and achieve some good results which may help the party and government in making policy decisions.

Persisting in combining theory with practice is a requirement for students as well as for party school teachers and scientific researchers. They should all make efforts in this respect.

3. Party Committees Should Strengthen Their Leadership Over the Work of Party Schools.

We should look upon the work of educating cadres and the important position and role of party schools from the high plane of the general strategy for socialist modernization and long-term stability of the party and state. We should firmly prevent and overcome the short-term practice of paying attention only to employing people and overlooking the education of people, and must attach importance to combining the selection and employment of cadres with their training and education.

Over the years party schools at various levels have made great achievements in their work and have trained many leading cadres and theoreticians for the party. A large proportion of present leading cadres at provincial, ministerial, prefectoral and department levels have attended the Central Party School or provincial party schools. Our party schools should continue to train more qualified people. Now, though, party schools must adapt to the new situation and raise their quality. This requires them to make efforts to deepen reform. Party committees at various levels must strengthen their leadership, include the work of running party schools well as an important item on their agenda, and consider this work an important link to grasp in strengthening themselves. Party committees at various levels should guide party schools to arrange their work around the general tasks of the party and adhere to the correct orientation in running themselves. It is necessary to establish a responsibility system at various levels according to the limits of authority for cadre management and to carry out the task of training cadres on a rotation basis. Efforts should be

made to promptly study and solve major problems in the work of party schools. Responsible comrades of party committees should personally give lectures at party schools and take part in important discussion sessions on theoretical and practical problems. Attention should be paid to improving and strengthening the leading bodies and teaching faculties of party schools and to gradually improving conditions for running such schools.

At present, comrades of the whole party and people of all nationalities across the country are striving to seize opportunities to deepen reform, to open wider to the outside world, to promote development, and to maintain stability. The new situation and tasks have set higher demands on the work of party schools and have also created a new motive force for running party schools better. It is hoped that comrades of all party schools will have a better understanding of the situation and their tasks, enhance their sense of mission and responsibility, study and work hard, strive to bring about a new situation in party-school work under the leadership of party committees at various levels, and make new contributions to raising the education of party schools to a new high level and promoting the continuous and vigorous development of the great cause of building socialism with Chinese characteristics.

Li Ruihuan, Hu Address Religious Affairs Class

*OW0407152194 Beijing XINHUA in English 1450
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Li Ruihuan, a top Chinese leader, said today that nationality and religious affairs must be handled strictly in accordance with the policies of the Chinese Communist Party Central Committee.

"We must adopt a very cautious attitude in handling such affairs," he told 30 leading officials from all over China attending a course on nationality and religious affairs, sponsored by the party school of the party Central Committee.

Li, a Standing Committee member of the party Central Committee's Political Bureau, noted that the policies of the party Central Committee concerning such affairs must be implemented in line with specific conditions in various localities.

"Problems cropping in the nationality and religious areas are mostly contradictions within the ranks of the people," he said. "So, these problems should be solved through persuasion and by improving our work," he told the officials.

Li, who is also chairman of the National Committee of the Chinese People's Political Consultative Conference, also called for vigilance against any turmoil created by a handful of people making use of nationality and religious questions, saying such attempt would be dealt with in accordance with law.

In handling nationality and religious affairs, "We must hold high the two banners of protecting the people's interests and maintaining the dignity of laws," he said.

The leader also emphasized the importance of unswervingly implementing the party's policies on nationality affairs, further perfecting the system of exercising autonomy in areas inhabited by minority nationality people, fully respecting the customs of these people and protecting their interests.

Li Ruihuan said that minority nationality people in China have a combined population of nearly 100 million, while the localities where these people exercise autonomy account for roughly half of China's land mass.

"Therefore, we can say that the integrity of China's territories and the unity of the people are, in a sense, based on unity among the people of all nationalities," he said.

He added: "We must also emphasize that the interests of various nationalities should coincide with the overall interests of the Chinese nation, and that respect for the characteristics of minority nationalities should coincide with the maintenance of China's unity."

He also exchanged views with the leading officials attending the course on how to speed up economic growth in areas inhabited by minority nationality people, and train and promote officials from among these people.

Hu Jintao, another Standing Committee member of the Political Bureau, called on the leading officials to conscientiously study the Marxist nationality and religion theories and link these theories with practice and do their work better.

Bo Yibo's 'Shock' Criticism of Marxism-Leninism

*HK0407042494 Hong Kong CHENG MING in Chinese
No 201, 1 Jul 94 p 26*

[“Reference News” by Chan Wang (1455 2598): “Bo Yibo on Criticism of Marxism and Leninism”]

[Text] Bo Yibo delivered an impromptu speech at a study and experience exchange meeting held by the CPC Central Committee party school in mid-May. He said: "We always have a spiritual trammel when we discuss how to understand, study, and research Marxism-Leninism-Mao Zedong Thought, that is, we cannot tolerate any attempt to revise and criticize, still less to object to this doctrine. This attitude and stance are in themselves contrary to the dialectical materialism advocated by the communists. To evaluate it comprehensively, our current line is based on a revision and criticism of those theories of Marxism which do not suit the national conditions of today's China in the process of construction and development. But we certainly will continue to strive for the ideal of communism put forth by Marxism." Bo Yibo's remark has caused a "shock."

In this connection, Qiao Shi has made an explanatory remark. He said: "One should comprehensively interpret the revered Comrade Bo's speech, which is biased [jian po 0252 7324] in a certain sense."

Qiao Shi Attends Function To Raise Funds for Orphans

*OW0307155094 Beijing XINHUA in English 1518
GMT 3 Jul 94*

[Text] Beijing, July 3 (XINHUA)—Qiao Shi, a top Chinese leader, watched a performance to raise donations for orphans in the Baoli Building here tonight.

Qiao, chairman of the Standing Committee of the National People's Congress, and other Chinese leaders, met with representatives of Chinese and foreign enterprises contributing to the current aid-the-orphan campaign, as well as all performers.

During the performance, the Wanjiale Company in Guangdong, the Liancheng Aluminum Plant in Lanzhou and two organizations in Hong Kong donated nearly 10 million yuan to the campaign.

The performance was sponsored jointly by the Ministries of Civil Affairs, Culture and Broadcast, Film and Television.

About 100,000 orphans are being taken care of by welfare institutes throughout the country, with per capita living expenses averaging 50 yuan per month. Nearly 60,000 of them are handicapped and the rest are studying or will study soon in school.

Li Lanqing Inspects Xinjiang University

*OW0407012094 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 30 Jun 94*

[Announcer-read report over video by correspondents Guo Yueming (6753 6390 1545) and Huo Yanmin (7202 1693 2404); from the "Xinjiang News" program]

[Text] [Video opens with medium shot of Li Lanqing stepping out of a vehicle and greeted by Xinjiang leaders] Accompanied by Abulaiti Abudurexiti, autonomous regional people's government chairman, and (Wufuer Abudula), vice chairman, Li Lanqing, State Council vice premier, who will accompany Premier Li Peng in his visit to three European nations, inspected the Xinjiang University in the afternoon of 28 June.

Vice Premier Li Lanqing visited Xinjiang University's library, physics and chemistry laboratories, and computer room. He inquired in details about the progress of Project 211 undertaken by Xinjiang University, and held cordial conversations with teachers and students of various nationalities to listen to their opinions and suggestions on education.

First of all, Vice Premier Li Lanqing extended warm regards to Xinjiang University's faculty of various

nationalities. He said: Implementing the strategy of giving priority to the development of education calls for fostering and maintaining a good atmosphere of respecting teachers and attaching importance to education in the whole party and in the whole society. The hope for regenerating our nation rests on education and the hope for promoting education rests on teachers. Teachers are engineers of mankind's soul. Their profession is a noble but difficult one. As such, it should be respected by the whole party and by the whole society. Leading cadres at all levels should sincerely fulfill a few tasks that really benefit teachers and create necessary working, studying, and living conditions for them.

Vice Premier Li Lanqing said: Various schools at all levels must implement the party's policy on education in an all-round way; make efforts to cultivate a new generation of well-educated and well-disciplined people who are imbued with lofty ideals and moral values and develop in an all-round way—morally, intellectually, and physically; and improve education on the basic theories of Marxism-Leninism-Mao Zedong Thought, on the party's basic line, on the ideology of patriotism, collectivism, and socialism, on the modern and contemporary history of China as well as its national conditions, on China's excellent cultural and revolutionary traditions, and particularly on Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics among students in a bid to guide and help them acquire a correct outlook on the world, life, and values.

Vice Premier Li Lanqing pointed out: One of our basic national conditions is to promote macroeducation under comparatively backward economic conditions. We must have our feet firmly planted on such a reality and deepen reform of education to make our educational structure and system meet the needs of the development of a socialist market economy and sweeping social progress. However difficult our financial situation may be, we must not hold back in implementing compulsory education. It is to lay a foundation for improving the quality of all our people.

Vice Premier Li Lanqing said: We must further improve the quality and efficiency of higher education through reform. We must vigorously develop vocational and adult education at all levels to improve the quality of thinking and general education of most people and to enhance their professional skills. The key link for readjusting the educational structure is to run more vocational schools of all types to bring up a large number of primary and intermediate-level trained personnel. This will be conducive to the distribution of students and to meeting the current needs from various quarters for economic development.

In conclusion, Vice Premier Li Lanqing emphatically pointed out: The broad masses of education workers at education departments and schools at all levels must further emancipate their minds, seek truth from facts, vigorously explore a new educational system and new ways for development under the condition of a socialist

market economy, and make efforts to establish a socialist educational system with Chinese characteristics.

Peng Peiyun on 'Fewer Births, Greater Prosperity'

*OW0207133694 Beijing XINHUA in English 1247
GMT 2 Jul 94*

[Text] Beijing, July 2 (XINHUA)—A leading official from the State Family Planning Commission (SFPC) said here today that the practice of "fewer births, greater prosperity" has integrated family planning with economic development in rural China.

During a meeting with over 50 representatives of "fewer births, greater prosperity" families from all over the country, Peng Peiyun, state councillor and minister in charge of the SFPC, said that so far the great number of "fewer births, greater prosperity" families in rural China have integrated family planning with economic development and family cultural construction.

These families have been getting rich, which has promoted local social and economic development and improved women's status, Peng said.

It is an arduous task for China to control its population size, said Peng. "Rural China must strictly control its population growth while greatly promoting economic development," she said.

Peng commended the "fewer births, greater prosperity" families as models for all rural families in the country.

'Source' Says Deng 'Resting' in Shandong Province

HK0507015094 Hong Kong SOUTH CHINA MORNING POST in English 5 Jul 94 p 1

[By Willy Wo-lap Lam]

[Text] Chinese patriarch Deng Xiaoping is resting in the Laoshan resort in the hills outside Qingdao, Shandong Province. An informed source said Mr Deng, who turns 90 next month, would stay in Laoshan, home of the world-famous springs used in the making of Tsingtao Beer, for part of the summer.

The source said the senior leader, who went to Shandong last month, had already been to Laoshan once earlier this year. "That Comrade Xiaoping is able to make short trips is evidence that he has recovered from the fairly bad patch he went through in the winter," he said.

Another Chinese source said that this summer Mr Deng would break with his habit of many years and shy away from the beachside resort of Beidaihe, where party elders and Politburo members usually converge in August. He said the patriarch's interest in Beidaihe had waned because he was advised last year by doctors to stop swimming in the open seas. "Deng finds the alkaline springs of Laoshan congenial," the Chinese source said.

It is understood that other elders, including military strongman General Liu Huaqing, former state president Yang Shangkun and Deng ally Bo Yibo, visited Laoshan this year. Analysts said, with Mr Deng away, the elders and Politburo members might hold the annual conference usually held in Beidaihe—where economic and political plans for the coming year are discussed—in Laoshan or elsewhere. Aside from its waters, Laoshan is famous for its jagged rocks and frequent sightings of mirages.

Late last month, the Foreign Ministry denied a report by the Chinese-run Hong Kong daily, Wen Wei Po, that Mr Deng had gone to Qingdao and that he had spoken out on issues including the need for the centre to maintain a good relationship with the regions. Sources close to propaganda officials in Beijing said, technically, Mr Deng was in the county of Laoshan, not the city proper of Qingdao. They said the Foreign Ministry was anxious to quash the Wen Wei Po report because it suggested that there were problems in Beijing's relations with regional "warlords".

In spite of his steadily declining health, Mr Deng has indicated that the upcoming fourth plenum of the Central Committee must put emphasis on market reforms and a reasonably high speed of development.

Deng Said To Criticize Economic 'Slowdown'

HK0407052594 Hong Kong SOUTH CHINA MORNING POST in English 4 Jul 94 p 7

[By Chn Wai-Fong]

[Text] China's patriarch Deng Xiaoping is not happy about the slowdown in economic growth and the over-emphasis on macro-economic control by the central Government. The paramount leader whose failing health has been the most sensitive issue during the past months, has recently spoken strongly against Beijing's curb on the overheating economy. In an article carried by the latest issue of the pro-China monthly The Mirror, sources said Mr Deng, unhappy about the decline in economic growth, warned that too tight a grip on local development would suffocate enthusiasm to reform.

In another article, the journal quoted retired National People's Congress (NPC) Chairman Wan Li as saying that Mr Deng was still in good health despite his old age. In a meeting with retired cadres in Beijing, Mr Wan who stepped down from the NPC last year, revealed that Mr Deng, who will turn 90 next month, was "generally doing OK". Mr Wan quoted doctors who examined Mr Deng as saying that all his major internal organs were functioning normally. Comparing Mr Deng with the late chairman Mao Zedong, Mr Wan who plays bridge with Mr Deng twice a week, said that Mr Deng still had a "clear mind" and "very good memory". Unlike Chairman Mao Mr Wan attributed Mr Deng's excellent health to his "disciplined personal life". Mr Deng was so healthy that he could walk three kilometres every day

with the assistance of helpers and such daily exercise usually took about two hours, Mr Wan said.

The top leader joked about overseas rumours of his death. "If these reports are true, I must have died five or six times or been operated on a dozen times. But I am still not dead so I must be a fairy," Mr Deng said.

The Mirror said Mr Deng recently expressed worries over the economic slowdown and the emerging conflicts between the central Government and the regions over economic development. "We cannot let the rate of development drop. We cannot just stop and do nothing ... Otherwise we would not have any momentum for development," Mr Deng said. "The country needs development. It is the same for the regions... It is wrong to say that development undertaken by the state will automatically produce results while those by the regions will not. I see that some regional projects are much more cost-effective than those of the central Government. Guangdong has built so many roads, harbours and railway lines during these years without asking the central Government for a cent. Guangdong has done well, has it not?" the elderly leader said.

For a more active and fast-growing market economy, Mr Deng said, "the overall enthusiasm, not individual, should be invigorated".

Draft Labor Laws, Copyright Issues Recommended

NPC Revises Draft Laws

OW0407145194 Beijing XINHUA in English 1430
GMT 4 Jul 94

[Text] Beijing, July 4 (XINHUA)—Laws on labor and urban real estate management and a decision on punishing infringements of copyright were recommended here today to be passed by the Standing Committee of the National People's Congress (NPC).

The members who are attending the Eighth Session of the Eighth NPC Standing Committee made the recommendation and submitted amendments to the draft laws and decision here today.

The latest revised draft law on labor formulated more feasible rules on the protection of workers' rights and management rights in enterprises, said Xue Ju, director of the NPC Law Committee.

It also stipulated that overtime work hours for any worker should not exceed 36 per month. The government lays down minimum wages and workers' wages must be paid monthly. They should not be withheld nor embezzled, said the revised draft law on labor.

The newly revised draft law on urban real estate management adopted more international conventional practices, said Xue. It stipulated the punishments for staff members of real estate management departments who abuse their powers for their own interests.

The newly revised draft decision on punishing infringements of copyright added the stipulation that the copyright owners should be compensated, said Xue.

Copyright violators should not only suffer the criminal responsibilities according to law but also forced to compensate for the economic loss of the copyright owners, Xue said.

Adopts Labor, Real Estate, Copyright Laws

OW0507085794 Beijing XINHUA in English 0829
GMT 5 Jul 94

[Text] Beijing, July 5 (XINHUA)—China's top legislature adopted the Labor Law, the Urban Real Estate Law and the regulation on punishing copyright violators today.

The first two laws will be implemented from January 1, 1995, while the regulation takes effect today, according to the current session of the Standing Committee of the National People's Congress (NPC), which ended today.

The country's first Labor Law, containing 13 chapters and 107 clauses, carries stipulations on employment promotion, labor contracts, working time, rest time and vacations, salaries, workplace safety, protection of women and children, vocational training, labor disputes and legal responsibilities.

The law will effectively protect the legal interests of workers, smooth labor-management relations, and eventually help to establish and maintain a labor system suited to the country's drive toward a market economy, the legislature claimed.

The Urban Real Estate Law, with seven chapters and 72 clauses, has stipulations regarding land for real estate development, the process of such development, transactions and registration of real estate property rights, and the legal responsibilities of all parties.

The legislature announced that it believed that the new law would help strengthen government management over urban real estate, support the real estate market, and protect the legal rights of real estate property owners.

The regulation on punishing copyright violators has only six clauses, but provides harsh penalties of up to seven years in prison.

It also stipulates that copyright infringers will have to compensate copyright owners for losses.

The session also ratified the Sino-Laos agreement on boundary systems, the final state accounts for 1993, and some removals and appointments.

Qiao Shi, chairman of the NPC Standing Committee, presided over the meeting.

Urge 'Tougher Punishments' on Copyrights
*OW0107132594 Beijing XINHUA in English 1312
 GMT 1 Jul 94*

[Text] Beijing, July 1 (XINHUA)—Chinese legislators today called for tougher punishments on copyright violators on top of the maximum penalty of seven years' imprisonment.

They said the regulation on punishing copyright violators should draw a clear line between a "big sum" and an "extremely big sum" involved in a crime and between "serious" and "extremely serious" crimes.

The latest draft provided that people who have obtained an extremely big sum of money from the violation of copyrights, or whose crime was especially serious, should be sentenced to three to seven years' imprisonment.

But cases involving "a big sum" or a "serious" crime would be sentenced to imprisonment less than three years, with fines imposed separately or concurrently.

Some legislators said the fines should be imposed concurrently instead of separately so as to prevent possible replacement of criminal penalties with fines imposition.

They said at the current session of the NPC Standing Committee that the fines paid by the infringers should be given to the authors or copyright owners as compensation.

Most of the lawmakers agreed that the regulations should be promulgated after revision as soon as possible to curb rampant copyright infringements in China.

They also proposed to strengthen cooperation with the international community in anti-pirating campaigns and to deal with the crimes in line with international practices.

Final State Account Submitted To Full Legislature Meeting

*OW0207133594 Beijing XINHUA in English 1248
 GMT 2 Jul 94*

[Text] Beijing, July 2 (XINHUA)—The final state account of 1993 and a work report on the forestry industry were submitted today to the current session of Standing Committee of the National People's Congress (NPC) for review.

Finance Minister Liu Zhongli told the meeting that the country's treasury deficit stood at 19.925 billion yuan in 1993, 575 million yuan less than the budgeted figure.

He said the state revenue exceeded the projected amount by a big margin, thanks to the fast economic growth and the central government macro-economic regulatory measure which put an end to the unauthorized tax cuts and tax exemptions.

Minister of Forestry Xu Youfang said that China has halted the declining trend of live timber reserves, and the

country plans to increase its forestry coverage from the current 13.92 percent to 15.3 percent by 2000.

Vice-Chairman of the NPC Financial and Economic Committee Huang Yicheng and Chairman of the NPC Committee of Education, Science, Culture and Public Health Zhao Dongwan reported to the legislature on the enforcement of the Statistics Law and the Teachers Law, respectively.

Huang said his committee's inspection of six provinces shows that after ten years the Statistics Law has been promulgated, statistics work has been greatly promoted, and the national economy and social development have also benefited from it.

Based on investigations, his committee proposed to quicken China's reform on statistical methods and statistics management system, and revise the current law to better suit to the market economy.

Zhao Dongwan said that the Teachers Law has helped promote the proficiency level of teachers and improve their working and teaching conditions.

He called for more effective dissemination of the law and more investment in education by both the government and the society for the modernization of education.

A written report by NPC Vice-Chairman Tian Jiyun on his visits to New Zealand, Western Samoa, Papua New Guinea and Australia, and a written report by its Vice-Chairman Wang Guangying on his visits to Portugal and Malta were also submitted to the standing committee.

The meeting was presided over by Vice-Chairman of the NPC Standing Committee Li Peiyao.

Qiao Shi, NPC Standing Committee chairman, attended the meeting.

Reasons for Delay of Party Plenum Examined

*HK0507093594 Hong Kong CHENG MING in Chinese
 No 201, 1 Jul 94 pp 18-19*

[By Tsung Lan-hai (1350 5663 3189); "Fourth Plenary Session Again Scheduled To Open in September"]

[Text] **The Fourth Plenary Session of 14th CPC Central Committee Is To Open in September**

In its March issue, this magazine carried a report entitled "The Fourth Plenary Session of the CPC Central Committee Will Open in March," disclosing that the CPC had issued a notice in February saying it planned to hold the fourth plenary session of its central committee in March. In the April issue, there was a report entitled "Why Did the Fourth Plenary Session of the CPC Central Committee Have a Difficult Labor" conveying the news that the fourth plenary session would be put off.

On 13 June, the CPC Central Committee Secretariat issued a formal notice to the following effect: The Secretariat has decided to hold the fourth plenary session

of the 14th CPC Central Committee in late September. This notice was distributed on 15 June by the General Office of the CPC Central Committee to ministries and commissions under the central authorities, to the party committees of various major military regions and to the party committees of all provinces (autonomous regions) and municipalities. The CPC Central Committee Secretariat told the Propaganda Department to call on all quarters to: "Race against time, focus on key projects, and make new achievements to greet the fourth plenary session of the party and to mark the 45th founding anniversary of the People's Republic."

Jiang Zemin Delivers Message

While inspecting various localities in early and mid-May, Jiang Zemin, Li Peng, and Zhu Rongji had already delivered the message concerning the fourth plenary session. While meeting in Shanghai with the leaders of Shanghai, Jiangsu, and Zhejiang, Jiang told them: You should clearly explain to lower levels why the fourth plenary session will not be held until later. The main reasons are that before the session, we should solve practical problems and should make substantial progress or phased achievements in fulfilling the tasks and solving the problems raised by the third plenary session. We should not let the people down. If we fail to score remarkable success and solve principal problems in carrying out the resolutions adopted by the third plenary session, it will be pointless to convene the fourth plenary session. The Central Committee decided to hold the fourth plenary session this fall in hopes that it would have time to analyze the work done in the previous period. In the three to four months to come, we should race against time to solve the principal problems in various localities, including problems concerning party building.

The Directives Given by the CPC Central Committee Secretariat

The CPC Central Committee Secretariat has given the following directives: While focusing on the party's central task, it is necessary to make phased, substantial progress in the struggle against corruption and in party building, especially in strengthening the leading bodies of party organizations at the provincial, prefectoral, city, and county levels. It is necessary to work out measures (not provisional ones) to achieve these goals. It is necessary to keep the inflation rate at 15 percent or lower. The party's policies toward rural areas must be really carried out. No white slips as IOU's are allowed. Party organizations in rural areas must be re-established, and public security there must be improved noticeably, especially in large and medium-sized cities accessible to foreigners.

CPC Elders' Opinions

CPC elders—including Deng Xiaoping, Chen Yun, and Peng Zhen—vigorously favored postponing the fourth plenary session. At an early June forum attended by the secretaries of party committees of various ministries,

commissions, and general offices, as well as members of the CPC Central Committee, Hu Jintao told his audience of the CPC elders' opinions. Deng said: The party's plenary session must not be convened frequently. When it is convened, it must solve practical problems; otherwise, it will become a formality, thus weakening its role and influence. In my view, the present practice is correct. We should go often down to the grass-roots units to hold various kinds of meetings, including briefings and unofficial meetings, so as to get firsthand information. We then should discuss problems at the Political Bureau or Secretariat meetings. In this way, problems will be solved easily. Chen said: We should emphasize practical results and be earnest in everything we do. If we are to hold a plenary session, we should make adequate preparations for it. At every plenary session, we should brief the attendants on how we have carried out the tasks set by the previous plenary session. The people are concerned about this. If we fail to make adequate preparations and are not sure the meeting will be a success, it is better to open the meeting later, or not to open the meeting for the time being. Peng said: The large numbers of party members and people are concerned about what the leading cadres have actually achieved. If you have done the work and made it a success, the people will praise you.

Only when we do our work in a down-to-earth manner can we have a say in and use well the power entrusted to us by the people. It is necessary not to make empty speeches, empty promises, or big talk, though this unfavorable practice has prevailed in some departments and among local cadres in recent years. This is very dangerous.

The Central Authorities Will Rush Inspection Groups to Various Localities

According to information provided by a certain member of the CPC Central Committee Political Bureau, the fourth plenary session will last for four days, from 24 to 27 September. Hu Jintao, member of the CPC Central Committee Secretariat, recently gave a warning: Achievements must not be inflated. No false, superficial, or formalistic stuff will be allowed at the fourth plenary session. Beginning in early July, the central authorities will send inspection groups to various provinces and municipalities to conduct investigations and exercise supervision. These inspection groups will include members from the CPC Central Committee Discipline Inspection Commission and Organization Department, the Ministry of Supervision under the State Council, the Central Price Inspection Group, the Central Public Security Commission, and the Leading Group for Financial Affairs under the State Council.

Will the Three Major Problems Be Solved?

From Jiang's message, the CPC Central Committee Secretariat's directives, and the CPC elders' opinions, we can see that the reasons for putting off the fourth plenary session once and again are that resolutions

adopted by the third plenary session have not been carried out well, and "marked achievements" have not been made in work. In curbing inflation, improving public security, and combating corruption in particular, practically nothing has been achieved. The CPC is now trying to make achievements in a short period, but formalism will be unavoidable in such a rush. It is generally believed that the CPC has great difficulty in overcoming various hidden crises and in scoring "marked success" in various fields.

Two Former Officials Executed for Corruption

*OW0407142094 Beijing XINHUA in English 1404
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Two former officials from companies attached to central government agencies were executed here today for corruption, announced Liu Jiachen, vice-president of the Supreme People's Court.

Guo Ziwen, 52, former general manager of the China Coal Sales and Transportation Company, was sentenced to death, with deprivation of all his political rights, for taking bribes worth 468,000 yuan (53,793 U.S. dollars) and obtaining 1.09 million yuan through illegally selling foreign currency quotas.

All the illicit money the high-ranking official obtained has been recovered, and his personal property was confiscated, Liu said.

Hu Cong, 38, a former middle rank official of the China Rural Development Trust and Investment Company was also executed today with life deprivation of his political rights for his taking bribes worth 1.368 million yuan (157,000 U.S. dollars) through illegally extending state loans totalling 64.85 million yuan to unqualified borrowers.

Liu also announced sentences today for two other former high-ranking officials.

Xie Benyuan, former director of the Education Department of the Agriculture Bank of China, was given a 12-year prison term, with a two-year deprivation of political rights, for taking bribes worth 73,653 yuan.

Guo Jingning, a former deputy director of the Agricultural Finance Department under the Ministry of Finance, was sentenced six years in jail for abusing her power of allocating government funds for enterprises and institutions, and relief funds to disaster-stricken areas. She took bribes worth more than 25,000 yuan.

Released Dissident Chen Ziming Still 'Restricted'

*HK0507054294 Hong Kong MING PAO in Chinese 5
Jul 94 p A9*

[Report by unidentified staff reporter: "Chen Ziming's Movements Are Restricted While on Parole for Medical Treatment; the Couple Strive for Greater Freedom"]

[Text] Since China's famous dissident Chen Ziming was released on parole for medical treatment on 24 May, his freedom of movement has always been restricted. He cannot contact his friends either. Chen's wife, Wang Zihong, told this reporter yesterday that they had made representations to the authorities in a bid gain more freedom for Chen Ziming.

Wang said: Chen had a complete medical checkup after he was released, but the results are not known yet. Since returning home, he has been in quite good spirits. He has been reading books and learning English. Because his freedom of movement is restricted, he cannot visit relatives or friends.

With regard to news that Chen continues rejecting the authorities' attempts to send him abroad, Wang said: Before he was released, Chen had reached agreement with the authorities on seeking medical treatment in China. After his release, the authorities did not continue exerting pressure on him on this issue. His consistent attitude toward going abroad is that he will agree to go abroad to see the outside world on condition that he is free to come and go. The basis of his career is in China and so he will never go into exile abroad. As for Chen studying for a doctor's degree from Michigan University by correspondence, Wang said: As far back as in October 1992, she contacted the school authorities on her husband's behalf regarding the possibility of his studying for a doctor's degree in history with the Department of Asian Languages and Cultures; and before his release from prison, everything had been basically settled. In compliance with the instruction of the school authorities, he will go through the normal formality of taking a TOEFL test in September.

Through on the wrong side of 40, they do not have any children. Wang had a miscarriage when they were both arrested. When asked by this reporter whether they planned to have a child, she said now that China allows a couple to have only one child, they hope the child can be of good quality and have a better living environment. But taking into account their current physical condition and living environment, they deem it inadvisable to think about this matter now. She said they will think about it only when both of them are in better shape and their living environment improves.

'Experts' Say Family 'Becoming Smaller'

*OW0407133294 Beijing XINHUA in English 1254
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Elderly Mr. Zhang, who lives in a Siheyuan (quadrangle) house in Beijing, has felt quite depressed these days because his son is leaving the house to establish a home of his own.

"It is something unusual for me," old Zhang said. "For decades we have lived in the same house, seeing each other, caring about each other and yet now he is leaving."

But his son was happy to have a small family of his own. His work unit recently decided to give him and his wife a new apartment.

"It has been my long-cherished dream to have a room of my own," the younger Zhang said.

For Chinese, it has been a long tradition for several generations to live under the same crowded roof. However, that tradition is being challenged by new ideas brought about with China's economic development.

Experts here pointed out that the traditional big family is decreasing rapidly in China as young people are becoming more independent and their lives and living conditions are being improved.

The Chinese family is becoming smaller. The traditional big family is giving way to new family arrangements like the one-parent family, the "dink" (double income with no kid) family, grandparents raising the grandchildren, and the Chinese-foreign marriage.

As more divorce cases appear in the society, there are more one-parent families and families formed through remarriage compared with a decade ago.

The employment rate of women has soared. More Chinese women, who traditionally would help their husbands and teach their children rather than seek jobs outside the family, have taken up jobs in society.

Many couples have to leave their child to the care of their own parents, thus creating the family composed of grandparents and grandchildren.

Yang shanhua, deputy dean of the sociology department of Beijing university, said that while the Chinese family becomes smaller, the function of the family has also been socialized.

Family relations are becoming simpler since China adopted the one-child policy 15 years ago. Such words as "uncle" and "aunt" will probably disappear from the daily language of the generation following the present single child.

"The family's function in education, consumption and cultural life will be undertaken by the society," Yang said. "Because social contact is being expanded, the school and social education are being stressed and people have more chances to travel to other areas."

In southern China's Guangzhou City, capital of booming Guangdong Province, socialized service has entered common homes. Home tutors, ceremony service firms, house-moving companies and other forms of household service ventures have mushroomed.

"I used to care about how things would be in my family when I left on business to other areas," said Zhao, a sales agent in Guangzhou. "But now I only need to pick up the phone and everything is solved properly."

Caring for the elderly has been partly undertaken by social services.

In Beijing, more than a dozen homes for the elderly were favored by retirees last year. Among those living in the homes, 95 percent said they have their own offsprings.

"I can live with many other companions here," said an elderly man in a house on the outskirts of Beijing.

However, Yang pointed out that negative effects have occurred. The rise of the divorce rate and the increase in one-parent families, and grandparents and third-generation families, have together brought about many problems in child education and care.

"Although many hotlines have been started for women, youngsters and other people to confide in regarding their problems, they can not completely wipe out the problems in the family and other relevant problems," Yang said.

"It is still hard to predict how changes in the family will affect the society," Yang stressed, "but the government and society should make efforts to minimize the social quake occurring in the transitional period."

Beijing Undertakes Efforts for AIDS Prevention, Control

*OW0407041094 Beijing XINHUA in English 0330
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—The number of HIV-positive and AIDS cases has been on the rise in China over recent years, and the government is determined to stem the deadly tide.

An official from the Ministry of Public Health said that more than 1,360 HIV-positive cases have been reported in China, of which 255 were foreigners or foreigners of Chinese ancestry.

Of the 40 full-blown AIDS cases reported in China, 22 of the victims have died, he noted.

China is still one of the countries with a very low infection rate of AIDS. However, the official said, the government has set up a network involving AIDS surveillance, quarantine, publicity, education, treatment, management and research all over the country.

In addition, committees of experts are directly involved in the guidance of AIDS prevention and control work.

According to the official, the Chinese Government is actively pursuing co-operation with international organizations such as the United Nations Development Program (UNDP) and the World Health Organization (WHO) on AIDS control.

With assistance from the UNDP, the State Council Research Office and Ministry of Public Health jointly set up a research group for AIDS prevention and control last year, consisting of experts from different fields.

The research group has published a report on the control of AIDS in China, which analyses AIDS/HIV infection in the country and the social and economic implications of AIDS. The report also notes that the problems and difficulties encountered in the prevention and control of AIDS in China and suggests appropriate measures.

According to the report, transmission of the AIDS virus, especially from countries which border China, would have a great impact on China. With the daily increase of China's contacts with foreign countries, it is becoming difficult to stop the spread of the virus from abroad.

Meanwhile, the large floating population in China creates conditions for the spread of AIDS. The general public knows little about AIDS or its prevention, says the report.

It calls for efforts to promote knowledge of AIDS prevention and control among the whole of China's vast population by the year 2000.

"Only thus can the incidence of HIV infection in China continue to be kept at a relatively low level, and its disturbances and challenges to the policy of openness and modernization construction drive in the country avoided," says the report.

The objectives, according to the report, are to establish as soon as possible a prevention and control system involving the whole community by giving full authority to all departments concerned and to form, during the Eighth Five-Year Plan (1991-1995), a preliminary national macroscopic control mechanism. This will involve education, health insurance and surveillance so as to obstruct the channels of AIDS transmission.

Chen Minzhang, minister of public health, said China will put more money into AIDS prevention and control. Meanwhile, it will formulate national mid-term and long-term programs and set up more laws and regulations concerning AIDS control, he said.

The minister also urged China's public health departments to keep expanding co-operation with their foreign counterparts and make contributions to the global prevention and control of AIDS.

Official: Beijing Taking 'Active Part' in AIDS Fight

OW0407133894 Beijing XINHUA in English 1251
GMT 4 Jul 94

[Text] Guiyang, July 4 (XINHUA)—China is taking an active part in preventing aids by cooperating with the international community, a government official said in Guiyang, capital of southwest China's Guizhou Province.

The official with the Ministry of Public Health made the remark during a recent international drug abuse and

AIDS symposium jointly sponsored by the World Health Organization and the Australian and Chinese governments.

The symposium, part of an international program to fight AIDS, is aimed at promoting training classes for Chinese public health officials and experts on drug and aids prevention and treatment, the official said.

AIDS is known as a global disaster with no effective means of treatment. All over the world, there have been more than three million aids victims and some 15 million HIV carriers.

In China more than 1,000 cases of HIV carriers have been detected. However, a recent investigation showed that only half the people surveyed had acquired basic knowledge about the hazards of aids and the way it is spread.

By working together with international organizations such as the World Health Organization and United Nations Development Program and the European Economic Community, China expects to make better use of international funds, technology and successful experience in dealing with drug abuse and venereal diseases, the official said.

Nearly 250,000 Drug Addicts Registered

HK0307071894 Beijing ZHONGGUO XINWEN SHE
in English 0405 GMT 2 Jul 94

[Text] Beijing, July 2 (CNS)—According to the National Anti-Drug Trafficking Committee of China, nearly 250,000 drug addicts in China have had their names registered in record. Among 1,361 HIV carriers who have been discovered, more than 80 per cent were found to be drug addicts.

Last year, some 26,191 drug-related cases were dealt with in China with 40,834 criminals caught and 4,459 kilograms of heroin, 3,354 kilograms of opium and 90 tonnes of chemical products for making drugs seized. A total number of 7,677 criminals were arrested and 6,137 of them have been put in jail and of these, 1,410 criminals have been sentenced to the death penalty, including the suspended death penalty, and life imprisonment respectively. [sentence as received]

In the first quarter of this year, 4,912 drug-related cases have been uncovered with 6,624 people caught, increasing by 64.6 per cent and 40 per cent respectively over the same period of last year. Some 1,107 kilograms of heroin were seized with an increase of 38.9 per cent over the same period of last year.

Commentator's Article on Maintaining Stability

OW0407011894 Nanjing XINHUA RIBAO in Chinese
12 Jun 94 p 1

[“XINHUA RIBAO commentator's article: “Succeed in Comprehensive Management of Public Security To Maintain Stability in Rural Areas”]

[Text] Recently, the Central Committee for Comprehensive Management of Public Security, the CPC Central Committee Organization Department, and the Public Security, Justice, and Civil Affairs Ministries jointly sponsored a national work conference on the comprehensive management of public security in rural areas at Wujiang city, Jiangsu Province, to focus the study of and draw up plans for concentrated efforts on managing public security in rural areas. It has very important significance for further implementing the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the central authorities' rural work conference and for maintaining stability in rural areas.

Agriculture, rural areas, and peasants have always been fundamental issues that have a bearing on our party and on the state's overall situation. Comrade Deng Xiaoping pointed out: "Eighty percent of China's population lives in rural areas. China's stability depends first of all, on the stability of that 80 percent." The history since the Third Plenary Session of the 11th CPC Central Committee also incontrovertibly proved that it would be impossible for a good situation—vitality, stability, and unity—to appear in China today without the success of rural reform and without economic prosperity and social stability in rural areas. Therefore, we must place rural areas' development and stability on top of the party's agenda and give priority to the local development strategy. To successfully manage rural areas' public security and maintain their stability, we must intensify our crackdown and ensure that various measures for sternly and swiftly punishing serious criminals in accordance with the law are implemented by grass-roots units to deal a harsh blow to criminal activities in rural areas; we must improve education in the laws and regulations among those who are guilty of misdemeanors disrupting public order to correct their bad conduct; we must make vigorous efforts to consolidate those paralyzed or semi-paralyzed village party branches and villagers' committees, to intensify comprehensive management of public security in townships and towns, to implement a responsibility system for the management of public security among leadership at all levels, and to truly make "everyone aware of his or her responsibility for maintaining public security" so as to ensure stability in a locality; and we must vigorously promote management of public security in villages in accordance with the law in a bid to put an end to the bad social atmosphere in which "good guys are bullied and bad guys are arrogant" and to markedly improve management of public security in rural areas as soon as possible.

Practice has shown that, to maintain social stability in rural areas, we must also study in a timely manner the new situation that has appeared in our management of public security in rural areas and solve new problems that have cropped up. Tremendous changes have taken place in Jiangsu's rural areas since the implementation of the reform and opening up policy. Some new problems confronting our management of public security, such as a big increase in the floating population, a rise in the

crime rate in rural areas, civil disputes occurring one after another, a resurgence of patriarchal clan influence, and so forth, were also brought to light as the rural economy enjoys rapid development. To enable the broad masses of peasants to live and work in peace and contentment, and to guarantee the smooth progress of rural reform, the party committees and governments at all levels in Jiangsu have conscientiously persisted in "attaching equal importance to promoting economic construction and to formulating laws and regulations at the same time," and have always managed rural areas' public security and maintained their stability by treating the task as a matter of great importance. At present, a good momentum of economic development and social stability have emerged in Jiangsu through the joint efforts by the leadership and the rank and file and particularly by the vast numbers of cadres and police of the judicial, procuratorial, and public security organs as well as the vast numbers of cadres and people in rural areas throughout the province.

The convocation of the national work conference on comprehensive management of rural areas' public security in Jiangsu Province provided a good opportunity for us to learn from fraternal provinces, municipalities, and autonomous regions. It also greatly promoted Jiangsu's comprehensive management of public security. The leadership and the rank and file throughout the province must take advantage of the conference to earnestly learn from the experience of fraternal provinces and municipalities, take effective measures, and make efforts to fulfill all the tasks proposed by the conference everywhere in rural areas, so as to promote Jiangsu's comprehensive management of public security in rural areas to a new level.

Civil Affairs Minister Hears Reports on Flood

HK0407043394 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 29 Jun 94

[Text] Civil Affairs Minister Doje Cering, who specially came a few days ago to attend and give guidance to the 10th Guangxi regional civil affairs meeting, listened on 29 June to reports on recent flood and the waterlogging situation of the region by regional leaders Liu Mingzu, Wei Jisong, and Xu Bingsong after making an inspection tour of Hechi, which had been hard-hit by floods.

He said that the state and Ministry of Civil Affairs would do their best to help support flood-stricken areas in Guangxi in solving problems of the livelihood of, and other arrangements for, the people.

Liu Mingzu, deputy secretary of the Regional CPC Committee and chairman of the Standing Committee of the regional People's Congress, and Xu Bingsong, vice chairman of the Guangxi Zhuang Autonomous Regional Government, gave accounts of losses caused by serious floods, which were rare in the past, since June, and of a series of policies and measures for controlling floods and for relief work.

Liu Mingzu and Xu Bingsong said: At present, the most important task in relief work is to make appropriate arrangements for the livelihood of flood victims and to solve problems of food and housing. What follows is to help the people of flood-stricken areas rebuild their homes, restore production, and reduce losses to the greatest extent. Since most areas attacked by recent floods are economically developed areas in our region, the floods came earlier and with a greater terrifying force, and various localities were not quite mentally prepared, the losses have, therefore, been heavy. Large quantities of funds and materials are needed for reconstruction after the floods.

After listening to their reports, Doje Cering first highly praised the Guangxi Regional CPC Committee and the Regional Government for attaching great importance and giving support to civil affairs. He pointed out: The recent floods and waterlogging have caused great losses to Guangxi. The Ministry of Civil Affairs will report the facts to the CPC Central Committee and the State Council and will actively solicit support of the state. At the same time, the Ministry of Civil Affairs will try its best to help flood-stricken areas in Guangxi tide over their difficulties. However, relief work should fundamentally depend on local party committees, governments, and the people's own efforts. It is necessary to try by every possible means to organize the people to carry out production to help themselves. Mutual assistance should be stressed in all relief work. Besides, the strength of various quarters should be pooled to raise funds and collect materials needed for relief work through various channels and in various ways. He also hoped that the cadres and workers on the civil affairs front would overcome difficulties, grasp relief work, regarding it as the central task, and lead the people in triumphing over the disaster, rebuilding their homes as soon as possible, and restoring production.

On 29 June, Doje Cering, accompanied by regional leaders concerned, visited and inspected some welfare enterprises in Nanning City.

Areas Along Huang He 'Well Prepared' for Floods

*OW0407062894 Beijing XINHUA in English 0551
GMT 4 Jul 94*

[Text] Zhengzhou, July 4 (XINHUA)—Areas along both banks of the Yellow River [Huang He] are well prepared against possible big floods on the river.

The main flood season on the Yellow River, China's second-longest, usually starts in late July or early August.

Already in May this year the Yellow River Flood Control Headquarters, based in this provincial capital of central China's Henan Province, held a flood-control meeting attended by officials from Shaanxi, Shanxi, Henan and Shandong Provinces, and assigned concrete targets for flood-control work this year.

Officials at the Yellow River Flood Control Headquarters also went to areas along both banks of the river to inspect and check plans, rules and regulations on flood control work in different localities, as well as flood-control facilities, and people organized to fight floods.

Now, areas near both banks of the lower reaches of the river have completed the construction of planned flood-control facilities for this year. They have reinforced dykes, dredged some parts of the river bed and rebuilt some sections of the river course.

About 2.22 million cu m of stone materials, 1,058 tons of wire and 1.43 million sacks and straw bags, as well as a large amount of other materials to counter floods are in place.

Henan and Shandong have organized 2.64 million people to form emergency flood-fighting teams.

The military command headquartered in Jinan, capital of Shandong, army units stationed along the river and other professional rescue teams are all making good preparations and will give a hand when needed.

Commentator's Article Salutes Flood Fighters

*HK0207083494 Beijing RENMIN RIBAO in Chinese
29 Jun 94 p 2*

[Commentator's article: "Salute to the Comrades Fighting on the Anti-Flood and Relief Front"]

[Text] The provinces and regions of Guangdong, Guangxi, Hunan, and Jiangxi have been hit by floods in the month of June. Army units and people in the disaster-stricken areas have exerted themselves to the utmost in fighting the floods, carrying out emergency missions, and doing relief work, and they have won a series of victories. We hereby extend our cordial regards and high salute to the vast number of cadres and masses and the members of the People's Liberation Army, armed police forces, and public security personnel, who have taken part in the anti-flood and relief work! We would also like to express our heartfelt thanks to the Taiwan, Hong Kong, and Macao compatriots and Overseas Chinese who are concerned for the flood-stricken southern part of our country!

The people's interests are paramount. The CPC central authorities and the State Council, deeply concerned about the flooding in the south, have efficiently commanded the anti-flood and relief operation. "Only when the flood waters are running rampant will heroes have the opportunity to display their courage." In face of the flooding, the vast number of servicemen and people—under the unified command of the local party, government, and Army leadership—have given play to their dauntless revolutionary spirit and made outstanding contributions. They have borne in mind the general interest, have carried forward their fine work style, observed discipline, have displayed the spirit of selfless

devotion, have bravely fought the flood, and have performed heroic and moving deeds. In particular, the members of the people's Army who fear neither hardships nor death have always taken the lead in fighting the flood, like they have always done in past emergency operations. They go where the situation is the most emergent and dangerous. They truly deserve the glorious title of Great Wall of Steel, and are always the most lovable people.

The most important task in an anti-flood and relief operation is to save people's lives. The central leading comrades have repeatedly emphasized that it is necessary to ensure the safety of flood-stricken areas, deliver the masses from flooded areas as soon as possible, and make sure that everyone in flood-stricken areas is supplied with food, no one starves to death, and no locality is struck by pestilence. Party and government leading comrades at all levels in the disaster-stricken areas must go down to the grass-roots, go deep among the masses, and share the weal and woe of the local people in the flood-stricken areas. They should give full play to our party's political superiority and the advantages of the socialist system and make every flood victim feel the sympathy and support of the party and the government. In the hour of peril and on the crucial moment, leading cadres, CPC members, and Communist Youth League members must think of the masses before themselves, go into action, and play an exemplary role. After the flood subsides, it is necessary to seize the time to restore production and carry out relief work. It is necessary to substantially minimize the losses caused by the disaster, and the key to achieving this is to restore production and develop the economy. While making proper arrangements to provide for those trapped in flood-stricken areas, we must speed up our pace in taking every measure to ensure that people can provide for and help themselves by engaging in production and can rebuild their homes soon. Flood-stricken rural areas should hurry up to start planting on the one hand and, on the other, should use every means to promote production, vigorously develop township and town enterprises, and promote a diversified economy, thus invigorating the whole rural economy.

At the moment, the rainfall is decreasing in the southern part of the country, the flood has receded in some places, and the danger has been eased. Meanwhile, the rain has been shifting to the north. This represents good fortune for south China, where the flood has run rampant, and to north China, which is being threatened by drought. However, something unexpected may happen any time. We must never place our hopes on luck and lower our guard. What is more, the high flood season is yet to come in July and August. We must make preparations before the flood comes and keep an eye out for possible great floods and severe disasters. After all, preparedness averts peril. In this large country, with its vast territory and diversified natural conditions, one natural disaster or another may arise anytime and anywhere, in the north or in the south, in the east or in the west. As the saying goes:

Much distress regenerates a nation. With the strong and powerful leadership of the party's central authorities with Comrade Jiang Zemin as the core, through the concerted efforts by all the Chinese people of all nationalities, we are bound to defeat all natural disasters, thus ensuring prosperity for the country and a peaceful life for all its people.

ZHUHAI WANBAO To Start Publication in August

HK0407042994 Hong Kong HSIN WAN PAO in Chinese 30 Jun 94 p 10

[Unattributed report: "ZHUHAI WANBAO To Start Publication in August"]

[Text] A party of four, consisting of Yang Shuisheng, head of the Propaganda Department of the CPC Committee of Zhuhai City, Guangdong Province; Peng Guan, deputy head of the department; Lin Zhifeng, director of the general office of the department; and Ning Guiwei, deputy head of the Press and Publication section of the department, paid a visit to the HSIN WAN PAO headquarters yesterday afternoon. The visitors disclosed that preparations are being made in Zhuhai to publish a new evening paper, ZHUHAI WANBAO [ZHUHAI EVENING POST], which is expected to start publication in August.

Before visiting our newspaper office, the guests from Zhuhai paid a visit to TA KUNG PAO headquarters. TA KUNG PAO director Wang Kuo-hua and deputy editor-in-chief Jia Bin warmly entertained the visitors.

At the HSIN WAN PAO office, the visitors were received by HSIN WAN PAO editor-in-chief Li Tsohsing; Wan Min-kuang, deputy editor-in-chief and general manager; assistant editor-in-chief Huang Ta-chih; and senior editor Chiang Yin. In a cordial atmosphere the guests and hosts exchanged views on how to run evening papers well to suit local circumstances in Hong Kong and Zhuhai respectively and on cooperation between the two sides in the future.

State Education Commission To Reduce Teaching Hours

OW0507023894 Beijing XINHUA in English 0111
GMT 5 Jul 94

[Text] Beijing, July 5 (XINHUA)—China has decided to reduce teaching hours in primary and middle-schools—to ease the growing studying burden which pupils face.

The decision, announced by the State Education Commission here today, will directly affect about 200 million pupils in these schools.

Under the new scheme, which will begin this autumn, more than 1,150 classes will be cancelled for each pupil during his or her 12 school years. A class in China's schools lasts 45 minutes.

There has been much talk that pupils are burdened with too much teaching. Guan, a teacher at the Beijing No.15 middle-school, said that her pupils sometimes spend more than ten hours reading textbooks, a phenomenon that may be the result of the college examination pressure.

A commission spokesman said that school administrations would be required to arrange better out-of-campus activities for pupils when the new scheme goes into practice; meanwhile, teachers should change their teaching methods to promote efficiency.

"Our aim is to train pupils who develop themselves in an all-round way," he said.

Reduced hours will affect most main courses, including Chinese, mathematics, English, history, physics and chemistry. But courses on working skills and moral education will not be shortened.

CPC Figure Views Nation's Social, Economic Reform

OW0507110894 Beijing XINHUA in English 1047 GMT 5 Jul 94

[Text] Beijing, July 5 (XINHUA)—A noted sociologist holds that with its rapid economic development China is undergoing the deepest-ever social reform since the Opium War (1840), or the war against Britain's invasion of China, which ushered in the era of semi-colonial and semi-feudal society in China.

"The direct result of the current social reform is that the Chinese people today enjoy more and more opportunities for self-development and more room for realization of self-value," said Wang Hui, vice-president of the Chinese Society of Sociology.

In a recent exclusive interview with XINHUA before leaving on a lecture tour of the United States, Wang pointed out that when talking about the great economic achievements China has made in the past dozen years, many people abroad have failed to see the great changes that have taken place in the Chinese society. Therefore, some of them praise China for its economic achievements, but criticize China at the same time for its politics and "human rights situation." "This does not conform with the reality in China," Wang stressed.

He pointed out that anyone who does not understand the extent of progress the reform and opening drive has brought about in Chinese society and how the drive has prompted an outpouring of the people's vitality and creative power would hardly be able to realize why China's economy has been developing so rapidly.

An official of the Communist Party of China (CPC) for more than 30 years, Wang Hui, 63, started to study sociology in the late 1970s. Based on his own experiences and his acute observations of Chinese society, Wang wrote many articles including "Lifestyle" and "Malpractices in the Officialdom of China."

Vice-President Wang said that the process of China's reform and opening up in the past 15 years has always been accompanied by the emancipation of the people's minds and the release of the people's vitality. The reform has enabled Chinese society to provide more opportunities and conditions for the individual to bring his or her intelligence and wisdom into full play. Meanwhile, the value and rights of the individual are receiving more and more respect from Chinese society.

China's reform started in the rural areas. In essence, Wang said, the rural reform extricated the farmers from the yoke of the people's commune system. The household contract responsibility system, which was then popularized throughout the country, gave the freedom of farming and self-management of labor back to the farmers. From then on, tens of millions of peasants in China started to March towards urban areas and industrial fields where they had never tried to go before.

Vice-President Wang noted that the urban reform being carried out later also followed the road of releasing individuals and enterprises from the yoke of the planned economy. The emergence of diversified economic elements including the non-public sector not only provided more job opportunities, but also made room for the people to freely display their intelligence and skills.

"Now," Wang said, "the market has become the major source for the people to gain means for production and daily life." In the past, however, urbanites relied on the state to make all arrangements for them, including the provision of jobs and daily necessities. They had little chance to make choices by themselves.

He said that the historic rural and urban reform has gradually broken down the barriers between urban and rural people and between cadres and workers. The mechanism of fair competition has been introduced to all aspects of social life.

He held that Chinese society has started to operate according to the law of the market economy rather than by man's will. Laws have become the major means to regulate social relations and the rights and interests of the individual are better and better protected by the law.

Wang said that the change in Chinese society has not only been in the social structure, but also in the concept of social value. The Chinese people, who now possess private property, have understood better and better that they should live according to their own will. Therefore, their lifestyles are becoming more and more diversified and individualized.

Wang pointed out that such a great reform in China was launched and promoted by the top leadership of the country. The leaders of the central government have always demanded that grassroots officials emancipate their minds to adapt to a more and more open society. As public wealth increased, the government stressed the importance of combining the progress in material benefits with that in ideology. Besides, the CPC Central

Committee has also tried to promote the reform of the political structure so as to strengthen political democracy, restrain power from entering the market, and crack down on corruption.

Vice-President Wang said that as the planned economy is giving way to a market economy, many new social problems such as money worship, out-and-out egoism and degeneration may occur. The government has taken firm measures to bring these under control. These measures, which include encouraging self-development and collectivism and strengthening education of traditional Chinese culture, are aimed at channeling the social reform toward a more healthy development.

Science & Technology

Beijing Launches Satellite 3 July

*OW0307091994 Beijing XINHUA in English 0906
GMT 3 Jul 94*

[Text] Beijing, July 3 (XINHUA)—China launched a satellite for scientific exploration and technological experiment today.

The satellite was launched at 16 hours Beijing time [0700 GMT] at the Jiuquan Satellite Launching Center in northwest China. It was separated from the carrier rocket, "Long March-2D" eight minutes later and entered into the orbit.

Launch Performed 'Successfully'

OW0307103094 Beijing XINHUA Domestic Service in Chinese 0910 GMT 3 Jul 94

[By reporter Li Xiuqing (2621 4423 3237)]

[Text] Beijing, 3 July (XINHUA)—China successfully launched a satellite for scientific exploration and technological experiment at 1600 hours [0700 GMT] Beijing time today at the Jiuquan Satellite Launching Center. The satellite and rocket were separated eight minutes after the launch when the satellite entered the pre-determined orbit.

The satellite was launched with the carrier rocket "Long March-2D," the type of rocket that was used to lift a returnable satellite into space in August 1992.

According to experts, the satellite launched today will remain in space for half a month. In addition to scientific surveys, it also carries technical experimental for plant, animal micro-cells, industrial micro-gravity.

The Xian Satellite Monitoring and Control Center will monitor and control the whole process of the satellite. All information gathered by the Beijing Command Center as of press time shows that the satellite has entered into the stage of normal flight, with various instruments in good shape and surveys and experiments being carried out as planned.

Satellite for 'Scientific Surveys'

*OW0307095494 Beijing XINHUA in English 0947
GMT 3 Jul 94*

[Text] Beijing, July 3 (XINHUA)—China launched a satellite for scientific surveys and technical experiments at 16:00 [0700 GMT] today from the Jiuquan Satellite Launch Center in northwest China's Gansu Province.

Eight minutes later, the satellite was separated from its carrier rocket and the satellite entered into its pre-determined orbit.

A "Long March-2D" rocket was used to launch the satellite. A rocket of the same type sent a retrievable satellite into space in August 1992.

According to experts, the satellite launched today is expected to fly in space for half a month. In addition to scientific surveys, it also carries technical experimental devices for plant and animal micro-cells and industrial micro-gravity.

The Xian Satellite Monitoring and Control Center will monitor and control the whole process of the satellite. All information gathered by the Beijing Command Center shows that the satellite has entered into the stage of normal flight, with various instruments in good shape and surveys and experiments being carried out as planned.

Economic & Agricultural

Zhu Rongji Reports on Economic Situation

OW0507004794 Beijing XINHUA Domestic Service in Chinese 1025 GMT 4 Jul 94

[By XINHUA reporter Xu Yaozhong (1776 5069 0022) and RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976)]

[Text] Beijing, 4 Jul (XINHUA)—In his report to a meeting on [China's economic] situation held at Zhongnanhai's Huairen Hall today, Zhu Rongji, Standing Committee member of the CPC Central Committee Political Bureau and acting premier of the State Council, pointed out: Under the leadership of the CPC Central Committee, with Comrade Jiang Zemin as its core, China has established a complete framework for a socialist market economic structure according to plan. The framework is operating normally and marked successes have been scored in reforms. This constitutes a decisive step toward implementing Comrade Deng Xiaoping's great ideas on reform and achieving China's strategic goals in economic development.

The report meeting was jointly held by the CPC Central Committee's Propaganda Department, the Work Committee for Organs under the Central Committee, the Work Committee for Central Government Organs, the General Political Department of the People's Liberation Army, and the Beijing Municipal CPC Committee. At

the meeting, Zhu Rongji delivered the important report on progress made in this year's economic reform, the current trend in economic development, measures to be taken later this year, and thoughts on next year's economic work.

Ding Guangen chaired the meeting. Leading comrades of the central party and government organs, including departments, commissions, ministries, offices, and bureaus; party, government, and military cadres in Beijing at and above the department and bureau levels; and persons in charge of Beijing's major new media, attended the meeting. Altogether, there were 1,200 people.

Li Ruihuan Urges Measures To Curb Arable Land Misuse

*OW0107163694 Beijing XINHUA in English 1535
GMT 1 Jul 94*

[Text] Beijing, July 1 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), today urged measures to be taken to curb the mis-use of arable land and to reverse the trend of farmland reduction.

Li was addressing the seventh meeting of the Standing Committee of the National Committee of the CPPCC, which concluded today in Beijing.

He said that although China has a large territory, it has only 100 million hectares of arable land and the largest population in the world.

He said that the farmland area has been decreasing sharply these years while the population has been increasing rapidly.

From 1957 to 1986, the arable land area of the country decreased by 40 million hectares. And in 1993 alone, it was reduced by 620,000 hectares.

But the population of the country is growing by 16 million people every year.

Li pointed out that the reduction of the country's farmland is mainly due to it being used for industrial construction and the setting up of development zones.

Although most of the land is used legally, it should be admitted that many farm sites are wilfully occupied. In 1987, more than 10 million cases involving illegal occupation of farmland, totalling 540,000 hectares, were dealt with. In 1993, farmland amounting to 760,000 hectares was randomly occupied by various kinds of development zones.

Li also warned that China faces serious land erosion and a deteriorating ecological environment.

To increase the farmland area, Li proposed that deserts, water-covered areas and beach-like tracts along rivers should be explored and exploited.

Science and technology should be applied to farming so as to improve the quality of land and the grain output.

As north-west China is vast and sparsely populated, Li said, this area should be explored. If the water shortage in the area is solved, most of the vast deserts in north-western China would be transformed into farmland.

Ye Xuaping, vice-chairman of the National Committee of the CPPCC, presided over today's meeting.

Ye said that the participants heard a report on agriculture by State Councillor Chen Junsheng and voiced a great deal of advice and proposals for the country's agricultural development.

The meeting also handled some procedures of personnel changes.

Chen Junsheng Urges Vigilance Against Flooding

*OW0407124594 Beijing XINHUA in English 1140
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—Governments of all levels were urged today to be on guard against even more serious flooding in the wake of last month's hard-won victories over the scourge in southern China.

"We have only won initial victories, and the situation we are facing remains grave," warned State Councillor Chen Junsheng at the second meeting for 1994 of the National Flood Control Headquarters. Chen is concurrently director of the headquarters.

"With regard to flood control," he said, "not even the slightest slackening of our vigilance is allowed."

The official was speaking after hearing briefings of six groups sent out by the State Council to different regions to inspect the flood control work, and from officials of the state meteorological bureau on weather over the next three months.

Chen quoted central leaders as stating that at present, the major concern is to combat even more serious flooding and droughts.

Until recently, he said, the south was hit by flooding while the north suffered drought. "But, meteorological departments have warned that in the coming months, it is possible that flooding will be the scourge for the north and the south will be hit by drought.

"We must prepare ourselves for both scourges, for big droughts and big flooding," he added.

In June, the greatest flooding since 1949 endangered the safety of Guangzhou City and the Pearl River Delta, one of China's best developed regions and the pioneer of China's reforms and opening to the world.

The region stood the test, thanks to local governments' investment in water control projects. "Their experience should be applied nationwide," Chen said.

In flood-afflicted areas, he said, work should continue, to deal with the aftermath of the scourge. "What merits primary attention is ensuring sufficient supplies of food, accommodation and medical care," he said.

In flood prevention, he said, the focus should be placed on cities.

State Councillor Urges Control of Soil Erosion

HK0307081294 Beijing CHINA DAILY in English 2 Jul 94 p 3

[By Liang Chao: "Task Set To Recondition Eroded Land In Six Years"]

[Text] Wind, water and construction damaged land totalling 400,000 square kilometres in area is to be brought back to use over the next six years.

To realize the target, State Councillor Chen Junsheng called on local authorities to speed up their efforts to improve their soil-erosion control in the years ahead.

Chen made the call in Beijing at a conference to mark the third anniversary of the country's first law on water and soil conservation.

China is one of the world's most seriously afflicted countries for soil erosion.

According to the latest survey, a total of 3.67 million square kilometres of land covering most parts of its provinces have been affected by the problem. That constitutes some 38 percent of the territory of the People's Republic.

The law, enacted in June, 1991, has played an increasing role in spearheading efforts to bring more eroded-land under control and avoid further soil erosion. Zhou Wenzhi, vice-minister of Water Resources said. Economic construction was cited as a major culprit of soil erosion.

Before 1991, only 20,000 square kilometres of eroded-land was reclaimed each year. The figure has risen to 30,000 square kilometres over the last three years.

Despite State investment in erosion-control programmes, Zhen attributed the bulk of the successful work to the introduction of a practice which allows farm households to contract a certain area of waste land in order to improve its condition over an extended period.

Once reclaimed, the improved land can be passed on to future generations for a period of 50 years.

Furthermore, farmers in the northeastern and northwestern provinces are now encouraged to buy wasteland through auction. After improving their plot they can keep it in their family for 50 years.

Some 133,000 hectares of farmland are lost annually during various construction projects. At the same time

15 million new mouths need to be fed. In a decades' time, the per capita cultivated land area will be reduced to only 0.013 hectares.

Minister Says Deficit 'Less Than Budgeted Figure'

OW0207134094 Beijing XINHUA in English 1320 GMT 2 Jul 94

[Text] Beijing, July 2 (XINHUA)—China's financial deficit stood at 19.925 billion yuan in 1993, 575 million yuan less than the budgeted figure, according to Finance Minister Liu Zhongli here today.

Reporting to the current session of the Standing Committee of the Eighth National People's Congress (NPC) on the state final account, Liu said that the state revenue exceeded the projected amount by a big margin last year, thanks to the fast economic growth and the central government's macro-economic control measures which put an end to unauthorized tax cuts, illegal tax exemptions and other violations.

The state revenue from product tax, value-added tax and business tax was 49.76 billion yuan more than the budgeted figure.

The finance minister admitted there were some problems in the implementation of the 1993 state budget. These include:

—The central finance failed to fulfil the budget and its difficulties have been aggravated. The local finances showed a surplus in general but deficits appeared in some areas.

—The financial burden of the state was not lessened, with the price subsidies and subsidies to loss-making enterprises reaching 70 billion yuan.

—Some expenditures were irrational, causing overspending on some items.

All the problems were stemmed from the old financial and management systems, said the minister. He expressed the belief that the ongoing financial and tax reform would help redress the problems and improve the financial position of the state.

'Central Leader' on Strategy for Fighting Inflation

HK0207064294 Hong Kong TA KUNG PAO in Chinese 2 Jul 94 p 4

[“Special Dispatch”; “A Central Leader Says the Key to Keeping Down Inflation Lies in Grain and Nonstaple Foods”]

[Text] Beijing 1 Jul (TA KUNG PAO)—A central leader recently indicated: The chief threat to China's economy today comes from inflation; the basic way to keep inflation in check is to control the issuance of banknotes;

and the key to the question of whether the inflation rate will be kept at 10 percent this year lies in grain and nonstaple foods.

This central leader said: Presently China enjoys a comparatively sound macroeconomic situation; however, there is hidden danger. One view is that inflation is currently the biggest threat facing the economy, and the key to doing a good job of coordinating the relations between reform, development, and stability lies in keeping down inflation. Another view is that the biggest threat today comes from the suspension of production and unemployment, which are the major factors resulting in instability. This being the case, it is imperative to relax the money supply, expand the scope of capital construction, increase the production growth rate to absorb more people, and allow more factories to go into operation. This leader said: Our persistent belief is that inflation is the primary issue today. State-owned enterprises, primarily medium and small enterprises, do have certain difficulties along with the problem of insufficient funds. However, relaxing the money supply and supply a greater input of funds are not the solution to the problem. Had it been for inflation and high prices, those enterprises could have digested and resolved some of the problems themselves. Today, the fundamental issue is keeping inflation in check; with inflation halted, the whole society will set their minds at ease, and a solution may also be found for this category of state-owned enterprises.

He said, basically, the key to keeping down inflation lies precisely in controlling the issuance of banknotes. There are two aspects to this effort: It is imperative to control the excessive expansion, first, in the scope of capital construction, and second, in consumption funds. Today, the scope of capital construction remains excessively large; at the same time, there is a serious danger that the current capital construction expenditures will exceed the budget. It will not be easy to complete all the projects that are under way, and the gap could turn out to be considerably wide. If we fail to keep the scope of capital construction under control, eventually, more banknotes will be required, and the expansion in consumption funds will go out of control. The excessive issuance of banknotes will inevitably lead to price increases.

This central leader said, the key to the question of whether the inflation rate can be controlled at around 10 percent lies precisely in grain and nonstaple foods. Because other shock waves have come and gone, should some major problems surface in grain and nonstaple foods, resulting in a huge national shock wave, the target of controlling the inflation rate at 10 percent will not be attained. This being the case, it is imperative to keep the expansion in the scope of capital construction and consumption funds under control and do a good job of grasping grain and nonstaple foods to rein in inflation.

Officials Strive To Keep Inflation Below 13 Percent

*HK0407042794 Hong Kong WEN WEI PO in Chinese
30 Jun 94 p A2*

[By staff reporter: "Central Level Attaches Importance to Curbing Inflation, Stress Inflation Should Not Exceed 13 Percent"]

[Text] Beijing, 29 Jun (WEN WEI PO)—An authoritative source here disclosed that the highest central leadership, when talking about the country's economic situation a few days ago, stressed that curbing inflation, promoting market stability, and stabilizing commodity prices has become the key to maintaining equilibrium among reform, development, and stability. The highest leadership reiterated that it is mandatory to keep the commodity price index at the present level, and strive to lower it to 10 percent or slightly higher, but not over 13 percent. The highest central leadership recently met several times to discuss how to keep commodity prices under control.

The authoritative source said: The highest central leadership maintains that the macroeconomic situation is pretty good this year. However, inflation has emerged as a serious problem facing the country at the moment. So long as this problem remains unsolved, economic development will be impossible. If the inflation problem can be overcome, there will be no big economic problems this year. Therefore, the fundamental problem now is to stabilize commodity prices.

The authoritative source quoted the highest central leadership as saying that the community may extensively suffer from inflation, which has a bearing on popular support. At present, the central authorities are most concerned about two issues, one being grain prices and the other the extensive price fluctuation possibly caused by the "food basket" problem. In order to bring prices under control, it is necessary to stabilize, first of all, prices of basic commodities, such as grain. In this connection, the central authorities demand that the following be done:

1. It is necessary to ensure an ample supply of materials and, at the same time, to intensify commodity price controls. First of all, it is necessary to ensure grain supplies to 35 large and medium-sized cities and other areas in difficulty.
2. The central authorities must not use the method of direct subsidization but selective subsidization—subsidies should only be given to those who are earning a low income and live in difficulty.
3. It is necessary to give special consideration to those in the lower income bracket. Prices of early long-grained nonglutinous rice and standard flour must not be raised, and the price gap is to be made up with government

subsidies. This practice of subsidizing the poor will have little impact on the market and can ensure market stability.

4. As far as the sale of grain on credit and free of interest is concerned, the policy fixed by the central authorities last year will be followed.

Article Sees Renewed Emphasis on Central Planning

HK0307072994 Hong Kong SOUTH CHINA SUNDAY MORNING POST (SUNDAY MONEY) in English 3 Jul 94 p 4

[Article by Peter Seidlitz in Beijing]

[Text] Frightened by high growth and inflation, China has recoiled from the free market and once again embraced central planning. Centralisation and price controls are again the slogans of the hour, say leading economists of the State Planning Authority.

The change in policy represents a return to power for the State Planning Commission, although, according to officials there, China's concept of a centrally planned market has changed. One economist, who did not want to be named, said: "The understanding of planning has changed. We don't give detailed production quotas anymore but do the policy planning and co-ordination of policy."

Further measures will be taken to slow down high economic growth and high inflation in the second part of the year, including maintaining strict controls on fixed investment. The first results of China's austerity policy can already be seen: investment in the property market has slowed, resulting in a cooling of prices for building materials such as steel.

Now central planners are targeting consumers. They aim to put the brakes on rising salaries, which have put too much money in the pockets of urban city dwellers. The official inflation rate for the first five months of this year was 8.8 per cent. January's figure was the highest, hitting 3.3 per cent. It slowed to 2.6 per cent in February and was zero in March, before slipping back to 1.3 per cent in April. May's figure was 0.7 per cent.

These figures would mean a yearly inflation of about 20 per cent. But the State Council think tank—next to the planning authority now the most influential office for preparing policy papers in Beijing—has advised the Government that inflation will come down in the second part of the year, but to no less than 17 per cent.

The inflation index in China is calculated on the basis of retail prices, not, as in the West, from a basket of consumer goods. Measured by the Western index, China's inflation would be even higher. The economists

have also found out that inflation is driven by a not-so-small circle of super-rich people in Chinese cities, who, theoretically, should have their excessive profits taxed away.

Strict control of food prices is planned for the second part of the year in China. More than 50 per cent of all household spending in China goes into food, so this is a key target for price controls. Grain prices will be strictly controlled—if necessary through re-monopolising the retail business.

Traders will also be cut out in other key commodities such as oil, after Beijing found that traders had outsmarted regulators and landed big profits. "There should be only one stop between seller and end user," is the demand of the planning authority. An anti-profliteering law is being prepared.

What constitutes a "reasonable price" will not be determined by the market, but the planning authority. Even top politicians want to have a say: it is now well known that Prime Minister Li Peng has given instructions that profit margins in key power and infrastructure projects should not exceed 12 to 15 per cent, a policy which has affected foreign investments in China.

Foreign investment has come down but this does not worry the Chinese Government and planners: in fact, it was intended. China wants more "quality" investment and is getting it. Figures for the first five months of 1994 bear this out: investment promises reached US\$32.8 billion (HK\$253 billion) [Hong Kong dollars], with actual investment hitting US\$10.5 billion. While investment promises have come down, the actual amount of contracted investment this year is higher than last year.

Hong Kong and Macao investors have shown reluctance to commit themselves this year, the State Planning Authority has noted. But quality investment is coming from Europe and the United States. China is aiming to attract investment in industry and technology transfer, which the Europeans, particularly the Germans, are willing to engage in. The State Planning Authority has noted that 120 of Fortune magazine's top 500 companies have already invested in Shanghai. Foreign investment is seen by China as a welcome supplement to its own investment strategy. If foreign investment slows in the coming years, under the pressure of competition for funds from other countries, China will use its own money to promote development.

The country's savings rate has, according to the State Council, reached over 30 per cent. This money will be tapped increasingly for investment purposes through the issue of high-yield state bonds. To make bonds attractive, inflation has to be controlled. But a director of the State Council's main think tank declared: "We don't have a South America situation here."

China's tight monetary policy—currently it is nearly impossible to get foreign exchange or yuan credits—has

strengthened the position of the central bank, which is still under the control of acting Prime Minister Zhu Rongji.

Because of credit restrictions, firms are forced to sell foreign currency they were hoarding for property speculation. Foreign reserves shot up to nearly US\$30 billion by mid-May—despite the fact that China will record a foreign trade deficit for the second year running even if lower than last year. Exports have moved up sharply in the last few weeks.

Politicians such as Mr Zhu who argue for centralisation and strong discipline are succeeding in their attempts to engineer a soft landing for the economy, with statistics showing that growth and inflation are edging downwards. Growth will be still above 10 per cent, and may even reach 11 per cent this year. But with further measures planned at the autumn Communist Party plenum, one can expect the desired growth rate of nine to 10 percent to be reached in 1995.

Mr Li may be right in his statement before leaving for Europe that "the overall trend of China's economic development is quite good". The Government plans now to put more laws and regulations in place before letting the free market have its full play. To avoid chaos, central planners have decided to go one step back and pause, but not reverse policy.

Article Foresees Stable Economic Development in 1994

*HK0207055694 Beijing ZHONGGUO XINWEN SHE
in English 1147 GMT 1 Jul 94*

[Text] Beijing, July 1 (CNS)—China's economy may see stable and smooth development for the whole of this year, judging from the economic situation in the first six months of this year and a projection for the second half of the year. Economic problems, however, still exist as the price hike persists, production by state-owned industry is rather low while clashes between production and market intensify.

Prices which had already stood high climbed upwards during last January and February which made inflation the main restrictive factor to the economy. Administrative, legal and economic measures adopted by governments at various levels led to a downturn of market prices last March. Some enterprises suffered from shortage of capital and inadequacy of working hours because of severe financial policy implemented to deal with soaring prices. Workers affected had to live a hard life. The central authorities in response loosened the money supply and increased the release of loans in a bid to alleviate the tense state. State-owned enterprises showed a steady upturn of production in April, May and June as a result.

Indicators set for the macro-economy were satisfactory in the first half of this year.

The industrial production grew at a high speed. A gain of the industrial value rose by 16 percent during the first five months of this year when compared with the same period last year, reaching the expected growth set for the first half of the year. Agricultural production registered sound performance. Should no major natural disaster take place in recent time [as received], the gross yield of summer grain crops would be initially expected at over 100 billion kilograms in spite of a drop of seven million mu of cultivated acreage, striking a balance with last year. Growth in the fixed asset investment obviously went downwards. New items under construction during the first five months of this year reduced by 20 percent over the same period last year. The investment pattern was better than last year. Investment in infrastructural facilities strengthened while investment in oversupplied products such as machinery and light textiles decreased to some extent. The market sales grew at a moderate pace and most commodities, especially industrial consumer goods, remained adequate or struck a basic balance except cotton and edible oil, which saw a greater price hike because of short supply.

Smooth implementation of the new taxation system led to steady gain of financial revenue. The domestic revenue and expenditure showed a favourable balance of RMB 6.2 billion, an increase of RMB 2.7 billion over the same period last year. Unification of the exchange rates of the renminbi proceeded smoothly and growth in export accelerated obviously, which resulted in a drop of foreign trade deficit and registered a gain of foreign exchange reserve. Progress was made in the financial reform as policy oriented banks including the National Development Bank were established. Loans newly increased between January and May rose by RMB 216.6 billion over the same period last year.

The micro-economy, unlike the macro-economy, which showed a stable and smooth trend, registered much more difficulty. Prices still stood high even though the price hike slowed down. Prices for consumer goods climbed by 21.5 percent during the first half of this year when compared with the same period last year. Retail prices for commodities rose by 20 percent. It is expected that the price hike is likely to be 16 percent for the whole of the year.

State-owned enterprises took a turn for the better since last March with a rebound of production month by month but at a slower speed which was far outpaced by persistent rapid growth shown by non-state-owned industry. Difficulties facing the state-owned enterprises are still serious. By late last May state-owned enterprises in the red registered 49.5 percent and the losses were valued at RMB 20.8 billion.

The actual growth in the sales of consumer goods during the first five months of this year was three to four percentage points lower than a normal year. The market for the purchase and sale of means of production was in a sluggish state. Stockpiling of finished products and debts owed to one another among enterprises were still

great. Unusual inventory [as received] of products reached a total value of nearly RMB 100 billion, while debts among enterprises were put at over RMB 300 billion.

South China Resumes Production Following Floods

OW0307155194 Beijing XINHUA in English 1526
GMT 3 Jul 94

[Text] Beijing, July 3 (XINHUA)—Flood victims in south China are rebuilding their communities and resuming production after gaining an initial victory over the recent deluge of rains, the worst in decades.

While droughts hit north China, June floods swept many parts of southern China, including Jiangxi, Hunan, Guangxi and Guangdong, as a result of sustained torrential rains.

The Chinese Communist Party Central Committee and the State Council have attached great importance to flood control and relief work.

In his tour of Guangdong last month, Party General Secretary Jiang Zemin expressed his sympathy and solicitude time and again to the flood victims there.

An urgent meeting was called by Premier Li Peng at the end of June to draw up detailed plans for flood relief and prevention work.

Three working groups, headed by senior officials, were sent to Guangdong, Guangxi and Hunan to help with flood control and disaster relief.

By the end of June, more than 750,000 People's Liberation Army men and armed policemen, as well as 20,000 vehicles and ships and 200 planes, were deployed.

They rescued more than 1.2 million people besieged by the rising waters, transported 38,000 tons of goods and maintained over 800 km of embankments and roads.

Coastal, Interior Areas Achieve 'Faster' Growth

OW0207141494 Beijing XINHUA in English 1404
GMT 2 Jul 94

[Text] Hefei, July 2 (XINHUA)—Coastal areas and land-locked interior areas in China are achieving faster economic growth in the course of creating a market economy.

Government statistics showed that coastal Fujian and Zhejiang provinces led the country in terms of economic growth rate in 1993, while land-locked Anhui and Jiangxi provinces in central China were among the fastest-growing areas.

In the first five months of 1994, Anhui reported a 25 percent rise in industrial production and Jiangxi province a nearly 23 percent increase.

Central China covers the provinces of Anhui, Jiangxi, Shanxi, Henan, Hubei and Hunan. Western China embraces the provinces of Sichuan, Guizhou, Yunnan, Shaanxi, Qinghai and Gansu, and the autonomous regions of Guangxi, Tibet, Ningxia, Xinjiang and Inner Mongolia.

Combined, the central and western parts of China account for 89 percent of China's land mass of 9.6 million square kilometers and 64 percent of the country's population of 1.1 billion.

The central and western parts of China are less developed, but rich in natural resources, such as coal, petroleum, natural gas, iron and copper.

Coastal areas in eastern China, including Shanghai, and the provinces of Guangdong, Jiangsu, Fujian, Shandong and Liaoning, are the most developed areas in China, but are resource-deficient.

Economists in Hefei agreed that the establishment of a market economy will lead to ever-growing economic cooperation between coastal areas and interior areas because such cooperation is mutually beneficial.

Interior areas hope that their resources will be developed with technology and funding of coastal areas, one economist explained.

With the steady rise in labor costs, coastal areas will turn increasingly to interior areas for resources, labor and market, he added.

In fact, coastal areas are stepping up cooperation with interior areas in resource development, he said.

Over the past few years, interior areas have achieved rapid economic growth primarily by expanding cooperation with coastal areas, he noted.

For example, Tibet has signed 600 economic cooperation agreements with Jiangsu, Zhejiang and Shandong provinces over the past nine years, involving a total investment of 700 million yuan.

Through such cooperation Tibet has earned 70 million yuan in profits annually.

Tibet has spent 170 million yuan setting up 39 companies in developed areas over the past three years, making 46 million yuan in profits a year.

Over the past few years, the Xinjiang Uygur Autonomous Region has introduced one billion yuan from coastal areas to upgrade its textile, chemicals, electronics, automobiles, nonferrous metal and farm product processing industries.

Economists said that central China serves as a bridge for cooperation between eastern and western China in the course of establishing a market economy.

For instance, Anhui Province signed 4,000 cooperation agreements with areas in eastern and western China in 1993, increasing its annual profits and taxes by 700 million yuan.

Jiangsu Provincial Governor Chen Huanyou said, "if eastern China wants to maintain fast economic growth, it must seek a new driving force in central and western China."

"In the long run, rapid economic growth in eastern China will be retarded by slow growth in central and western China. Without the modernization of central and western China, there would be no modernization of the whole of China," he said.

In line with economic cooperation plans, Jiangsu Province has provided technicians, equipment, technology and information to Xinjiang, Gansu and Shaanxi over the past few years.

Meanwhile, Jiangsu has acquired raw materials enough to meet 90 percent of its annual demand from central and western China.

To date, the Shenzhen Special Economic Zone in Guangdong Province has established 7,100 joint ventures with other parts of China. These ventures now account for one third of Shenzhen's industrial production value and exports.

At present, Yunnan, Sichuan and Guizhou provinces in southwest China are cooperating with Guangdong and Hainan provinces in breaking into the market in Southeast Asia.

Sociologist Yang Jike said, "I think successful cooperation between coastal areas and interior areas is helping narrow the gaps between them, and yet it would take some time to eliminate the gaps."

"China must always follow the policy of taking the road of common prosperity," he said.

Controversy 'Erupts' Among Economists

*HK0407134294 Hong Kong KUANG CHIAO CHING
No 26 i, 16 Jun 94 pp 26-28*

[Article by Lin Fan (2651 2868); "Major Debates Among Chinese Economists"]

[Text] Great Controversy Erupts in Economic Circles Regarding How China's Current Situation Should Be Viewed

The year 1994 is known as China's "year of major economic reforms." Judged by economic operations in the first half of this year, the introduction of various reform measures basically has been successful, but as reforms affect the interests of various sides, the deep-level problems in the old structure have not been truly overcome. In particular, inflation has exceeded the 20 percent danger limit, and the wind of triangular debts is

arising once again among a considerable number of state-owned enterprises, especially among small and medium-sized enterprises, owing to the lack of circulating funds. Some enterprises are in a state of suspension or semi-suspension of production, and a number of staff and workers face the threat of unemployment. Signs of social instability have appeared, especially in three Northeast China provinces and in other areas where state-owned enterprises are concentrated, which has aroused high vigilance among Beijing's higher echelons. Heated debates have taken place among Chinese economists on how to view China's present situation, and what sort of reform steps should be taken.

"Double Speeding Up" or "Double Overheated"?

A "Seminar on the Present Situation and In-Depth Reforms" was held in Beijing at the end of October 1993, in which about a hundred economists participated. A number of scholars pointed out that in the course of transformation from the old structure to the new, it was hard to avoid the emergence of a certain amount of chaos in economic order. They stressed that "development is the last word," as declared by Deng Xiaoping, and believed that China mainly should "guard against the return of the old structure in various forms," while strengthening macroeconomic regulation and control. It was put forward at the seminar that the economy was not "overheated" in terms of fixed-asset investments and money input, but that there should be a "double speeding up" of reforms and development.

Afterward, the slogan "double speeding up" appeared officially, in the RENMIN RIBAO editorial for New Year's Day 1994.

Under pressure from various sides, the central bank made money easy from last September to November, issued a great quantity of basic money amounting to 120 billion renminbi, and increased the annual credit scale from 380 billion to 450 billion yuan. In fact, a total of 484.8 billion yuan was issued in 1993, the once-declining industrial production rate rebounded in November and December, rising to 13.9 percent. Moreover, prices climbed continuously too, and the momentum of rising inflation actually has already compelled reforms to slow down this year.

Economist Wu Jinglian said that if there were contradictions between development and reform, development should give way to reform, but Li Xiaoxi, doctor of economics, pointed out that the paired policy arrangement in 1994 should be slow development and forceful reforms. Early in November 1993, Yang Fan, of the Economics Research Institute of the Chinese Academy of Social Sciences [CASS], put forward clearly the proposition of "contract the economy and speed up reform." He believed that the simultaneous progress of reform and development would accelerate inflation, and that only under circumstances of contraction could reforms be carried out smoothly, so as to overcome deep-level contradictions in the economy. He pointed out that

inflation would provide a "way out" for enterprises that had no hope of making up deficits and should have gone bankrupt, resulting in "the return of price parities," and a waste of all previous efforts toward price reform. Under the circumstances of inflation, residents lacked confidence in the renminbi, and foreign exchange became the means of savings and value-preservation, and even a means of speculation. If renminbi convertibility had been carried out at this time, it would have led to a run on banks and rush purchases of foreign exchange, which would have compelled the central authorities to strengthen foreign exchange control again. Therefore, under the circumstances of inflation, it was very difficult to carry forward reform successfully.

Simultaneous speeding up of reform and development, and tolerance of a certain degree of inflation were regarded as one of the characteristics and merits of China's gradual advance in reform over the past 15 years. Over a long period of time, many scholars were convinced that reform inevitably led to inflation, that inflation was unavoidable for development, and that China must not lose the opportunity for development and reform owing to a fear of inflation. If we had carried forward the reform under concitions of contraction, it would have been a Chinese type "shock therapy," which may have resulted in serious unemployment, and too great a social impact.

Which Comes First: Guarantee of Employment, or Control of Commodity Prices?

What should be the stress of macroeconomic regulation and control in the first half of 1994?

Sun Shangqing, chairman of the Development Center of the State Council, pointed out: The stress in 1994 is on fighting inflation. Deputy Chairman Lu Baifu advocated that the central authorities should hold high the banner of fighting inflation. Dong Funai, deputy chairman of the Financial and Economic Commission of the National People's Congress, declared: In 1994, macroeconomic regulation and control are in a dilemma, and the stress in the first half of the year is on controlling inflation. Qiu Xiaohua, deputy director of the State Statistics Bureau, pointed out: Macroeconomic regulation and control in 1994 should be tight first and loose afterward.

Beijing University Professor Li Yining, emphasized the other side of the problem. The principle he put forward was: "Employment comes first, and the stability of prices should be taken into consideration." Li emphasized that the outcome of macroeconomic regulation and control should not be a great decrease in the economic growth rate for the sake of curbing inflation, and should maintain a high economic growth rate while keeping the inflation rate within the limits society can bear. The reason he put forward this a principle was: Inflation brought harm to the great majority of the people, but in general no one would come out to take the lead in creating disturbances. The unemployed had no income,

and it would be possible for them to evolve into a problem involving social security or political opposition forces. He believed that "people who have jobs and income can more or less bear the pressure of inflation, but it will be difficult for families that have no jobs or income to bear the difficulties brought on by unemployment." He maintained that if inflation were too serious, the government could—when necessary—make use of the income index, deposit index, and other measures to link the growth of wages and salaries with the inflation rate, thus gradually alleviating social instability. Under the circumstances of serious unemployment, however, the government still lacked the means to effectively ease the dissatisfaction of the unemployed.

Dr. Zuo Dapei, of the CASS Economics Research Institute, based on the Yugoslav lesson, was resolutely opposed to "growth comes first," and insisted reducing the growth rate to within the "natural growth rate" of about ten percent. If this rate were to be exceeded, high inflation definitely would appear afterward, and China would be compelled in the end to contract its economy, resulting in greater losses.

Wu Jinglian thought that every yuan depreciates in the same manner when it comes to inflation, but its impact on different social strata was not the same. In particular, it brought harm to the wage- and salary-earning stratum, which was a social stratum that played the role of stability. He resolutely maintained that China would rather provide money-losing large and medium state-owned enterprises with overt subsidies than covert subsidies. The way things are now, it is actually "drinking poison to quench thirst" for banks to put in hundreds of billion yuan in loans each year at negative interest rates. To replace unemployment by inflation has resulted in "dead accounts" in the West. This is a lesson. Wu Jinglian did not agree with the idea that there is a relationship between reform and inflation and that reform inevitably would lead to inflation. He believed that as long as total demand and money supply were not to excess, price reform would not lead to an increase in the total price level.

As the social insurance system has not yet been set up at present, once losses appear in large and medium-sized state-owned enterprises, these enterprises always rely on bank loans to pay wages. Enterprises that have no hope of turning deficits to profits cannot be treated as bankrupt, and dead accounts are laid on banks. So, on the one hand, the scale of loans is enlarged and the pressure of inflation is increased; on the other hand, banks are unable to assume sole responsibility for their profits or losses, thus the reform goal of making specialized banks commercial becomes empty talk. More and more economists believe that China must speed up the reform of the state-owned enterprises system, and that it must not allow the economy as a whole to be tied down by loss-making large and medium-sized state-owned enterprises. The problem of unemployment should be solved by an improved social insurance system, and China must not pay the price of inflation for it. Most economists are

opposed to engaging in the economy by political standards, and whenever workers are said to take to the streets, banks issue "stability and unity loans." Such a fire rescue policy changes the unitary efficiency standard of economic decision-making, and should not be used as the basis for macroeconomic regulation and control. China would rather solve the problems of unemployment and loss-making state-owned enterprises by financial means, such as providing relief and subsidies, than abuse monetary means to affect total amount control.

Under pressure from various sides, however, the decision-making level cannot but take the overall situation into consideration. According to disclosures, beginning with the second quarter of this year, the central bank increased the strength of input for loans of circulating funds to alleviate serious shortages of funds in state-owned enterprises. At present, jointly with the People's Bank, the Bank of Industry and Commerce, and other departments concerned, the State Commission of Economic Relations and Trade, beginning with the northeast area and with the "least possible" credit starting funds, "is fighting a quick battle to force a quick decision" in order to solve the "triangular debt" problem of state-owned backbone enterprises in major industries. Money started being easy in the second quarter, and various sides are paying close attention to whether or not this will aggravate inflationary trends since early this year.

Carry Out a Tight Monetary Policy Over a Long Period of Time

In its 1994 Chinese New Year Economic Situation Forecast Report, the Quantitative Economics Research Institute analyzed 11 causes of inflation, such as price restructuring, friction between structural and mechanism transformation, marketization of productive factors, joining tracks of domestic economy with the international market, too large investments, excessive increase in money in circulation, increases in labor productivity lagging behind increases in income, unscrupulous prices rise by enterprises, financial deficits, residents' psychological expectation of price increases, and ineffective management.

Economist Fan Gang and others pointed out that the fundamental cause of inflation was expansion of total demand, primarily investment demand and public money consumption demand. Fundamental changes have not yet taken place in the mechanism of China's economy. Budgetary soft constraints exist in state-owned enterprises, and excessive investment competition is appearing. On the one hand, China should control the investment impulses of state-owned enterprises by administrative means; on the other, it should standardize enterprises run by the people on the basis of opening up. This can be called "double-track regulation and control." The method put forward by Liu Yingqiu, of the CASS Economics Research Institute, for controlling the scope of investment was: Transform the

state-owned asset management system, build new state-owned property rights relations, and change the administrative quota management of investment funds into economic interest rate management.

Wu Jinglian stressed that inflation always resulted from excessive monetary issue, and that the rest were only indirect causes. He stresses carrying out a long-term, stable, and tight monetary policy, as declared by Friedman.

Various sides generally admitted tolerating a certain degree of inflation, roughly between 10 and 20 percent. Those who advocated growth first maintained that the inflation rate was a relative, and not an absolute criterion, and that as long as inflation was synchronous with economic development and with the growth of income, it was acceptable. Someone pointed out, however, that the lowest income of the low income stratum, and not the average income, should be taken as the standard for measuring the bearing capacity of inflation by the society. Yang Fan pointed out that Chinese statistical figures often were not accurate, commodity prices were low, and the growth rate often was falsely reported. As a matter of fact, prices did not come down when the economy dropped, and it was actually impossible for "the economy to be synchronous with prices."

Beijing University Professor Xiao Zhuozi and others suggested that to promote economic development, China should not passively restrict inflation, and under the premise of ensuring high-speed economic growth, should compensate those who suffer from inflation, such as depositors, creditors, and the wage- and salary-earning stratum. China could go in for value-keeping savings, increase interest rate, and carry out a system to link prices with wages. This suggestion, however, met with strong opposition from some other economists. Wang Dayong, a specialist of the Head Office of the People's Bank of China, and others pointed out sharply that if a policy of "joint action" of wages with prices was carried out, it inevitably would lead to rotating increases in wages, prices, and interest rates, and to constant a depreciation of foreign exchange, which would build up a vicious circle, and soon lead to the arrival of galloping inflation. Dr. Zuo Dapei unleashed an excited debate with Professor Xiao Zhuozi at the economic seminar. He predicted that once this kind of dangerous situation appeared, China would follow the same old disastrous road of some Latin American countries and Yugoslavia, and that the national economy as a whole inevitably would collapse.

Inflation Was Essentially Driven by Interest Groups

Zuo Dapei also published an article in "Economics News Gazette," criticizing a small number of economists who preached economic expansion as representing the interests of some enterprises, and he pointed out the interest-group tendency among economists. Yang Fan pointed out that the essence of inflation was the transfer of interests, the sufferers of high inflation were mainly the

broad masses of the residents, and the profit-makers were enterprises. It was difficult currently to uphold total amount control, and apart from difficulties existing in state-owned enterprises, there were factors of speculative capital. After 1992, large numbers of cadres in state organs and intellectuals were engaged in business, mostly in tertiary industry and speculative trades. Many state-owned enterprises and undertakings, and even administrative units and banks, released various kinds of funds to Hainan and Beihai to speculate in real estate and stocks. Some people got tied up in stocks and land, and therefore were desperately opposed to the macroeconomic regulation and control carried out by the central authorities. Setting monopolistic prices and reaping staggering profits were means used by some interest groups to grab resources.

Fan Gang believed that there could appear some "group economists" representing entrepreneurs, trade unions, and consumers, respectively, and some others could be economists who conformed to the interests of society as a whole. The disintegration among economists was precisely an expression of the disintegration of interests in Chinese society.

Macroeconomic Regulation and Control Affected by Three Kinds of Mechanisms

Through developments over the past six months, the basic judgement made by economists for the situation in 1994 is:

- Taken as a whole, the situation in the first half of 1994 is better than that in the corresponding period of 1993, total demand contraction is in position, the rate of price increases is falling, and inflation is under control;
- The results of macroeconomic regulation and control become microeconomic, the difficulties of state-owned enterprises are aggravated, and debt chains emerge again;
- Half of the year has passes, and the problem of inflation has yet to be solved, and some 40-50 percent of last year's projects have exceeded the budget, but they cannot be cut back this year. The mechanism that compels people to compare their incomes still exists, and civil servants will compare their incomes with those working in enterprises. The currency's "back pressing" [0227 6656] mechanism still functions. Macroeconomic regulation and control will be affected by these three kinds of microeconomic mechanisms;
- At present, the strength of macroeconomic regulation and control should remain unchanged, and should be readjusted gradually; moreover, the pace of reform should be quickened.

Draft Law To Extend Power of Auditors

HK030708094 Beijing CHINA DAILY in English 2 Jul 94 p 1

[By Ma Chenguang: "Draft Law Extends Power of Auditors"]

[Text] Auditors are being granted new powers to inspect government revenues and expenditure, under a draft Auditing Law.

And they will have to look at profits and losses in key industries, instead of being obliged to check the books for every State-owned enterprise in the land.

The legal moves will help ensure a balanced State budget, Liu Hezhang told a panel yesterday at a NPC Standing Committee meeting:

Liu is the Deputy Auditor-General of the State Auditing Administration, the State Council's chief economic watchdog.

Liu said that State auditors currently only check the books of government departments beneath them.

In the new draft, they are empowered to examine the books of departments ranked along side them. For example, a city's auditing office will be able to look into the accounts of the city government.

Auditing personnel will also check that key industrial firms are trying hard to reap the largest profits possible, Liu said.

The draft law has seven chapters and 46 articles.

SEZs Promote Development of Other Regions

OW0307133294 Beijing XINHUA in English 1240 GMT 3 Jul 94

[Text] Xiamen, July 3 (XINHUA)—Provinces and cities are now often holding exhibitions and trade fairs in the special economic zones (SEZs) to attract investment and promote trade.

China set up five SEZs, Shenzhen, Zhuhai, Shantou, Xiamen and Hainan, 15 years ago to break up the old, rigid planning economy and expand international economic cooperation and trade. The five SEZs have become the areas with the fastest economic growth. They have also become models of economic development and opening-up for inland provinces.

The SEZs enjoy more preferential policies than the rest parts of China. And the infrastructure and investment environment are also nearer to the international standard and closely connected to the international market. By investing in SEZs, the inland provinces can not only earn considerable profits, but also learn modern economic management.

Statistics show that one-third of the funds in the Shenzhen SEZ came from the inland provinces. And more

than 10,000 enterprises have been set up by firms of other areas. In Xiamen there are nearly 3,000 enterprises set up by other provinces and cities.

The enterprises invested in by the inland provinces enjoy the same preferential policies and favorable investment environment, thus they have better economic returns.

Attracting overseas investment via the SEZs is another way to take advantage of them. Inland provinces hold economic cooperation and trade fairs and exhibitions in the SEZs and set up representative offices. Over 3,000 such offices have been set up in the five SEZs by regions above county level across the country.

Various economic activities to attract investment are held in the SEZs. In Xiamen alone, over 100 investment promotion fairs have been held by nearly 20 provinces and cities in the past two years. Jiangxi Province has introduced about 100 foreign-funded projects through Xiamen alone. Shanxi Province has exported over 100 million dollars-worth of commodities through Xiamen.

The regions outside the SEZs also use them for enterprise restructuring, staff training, and technology and capital transfer.

With improved investment environment and low production cost, inland areas have attracted enterprises to move out of the SEZs and find new locations. In Shenzhen and Xiamen, dozens of enterprises have moved to the inland areas this year.

A large number of laborers from inland areas, after working for a few years in the SEZs, return to their native places with experience and techniques, funds and market information. They set up enterprises in their home towns which greatly enhance the development of the local economy.

Since the Chinese Government began to readjust its opening policies this year, the gap between the SEZs and other parts of China is narrowing. But, the SEZs will strengthen economic cooperation with other parts of China in other fields based on its advantages of rich experience and flexible access to international market information.

State-Owned Construction Businesses To Gain Markets

*OW0407124394 Beijing XINHUA in English 0801
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—China's state-owned construction companies will enjoy a larger market as China extends the scale of capital construction and key construction projects.

Acting Deputy Director of the China Construction Company Association Zhang Yuedong, in an interview with XINHUA, also attributed construction companies' bright prospects to the expansion of construction and reconstruction of inner city dwellings.

In recent years, he said, while controlling the scale of investment, the government has made further efforts to strengthen the construction of key projects.

In 1994, the government listed 151 state key projects and eight more reserve projects.

Furthermore, China will adhere to the policy of attracting foreign funds to promote China's energy and transport industries. In 1993, 3,000 out of 4,000 large foreign-funded projects, each with investment hitting 10 million U.S. dollars, are related to the two industries.

Zhang said that the key projects and those foreign-funded projects attracted a large amount of state funds and materials as well as large construction companies and a contingent of professional personnel.

China has put 400 billion yuan into housing construction in the cities and towns since the adoption of the reform policy in 1978, five times that of the total investment of the 1949-1978 period. Because of this effort, the dwelling construction area reached 1.78 billion square meters in the last decade.

More than 4 million Chinese families face housing difficulties and 30 million square meters of precarious buildings are to be rebuilt.

Zhang said that the construction department has taken effective measures to promote China's dwelling construction, such as comfortable dwelling project.

Zhang said the new reform policies on tax, finance, and foreign trade as well as the set-up of the social security system will provide a better environment for state-owned companies.

China has 70,000 construction companies with 24 million employees, of which 4,600 are state-owned. Zhang said that most of the state-owned ones are faced with difficulties such as obsolete equipment and lack of funds to replace them. The construction industry itself provides meager returns, Zhang said, noting that in recent years, state-owned companies have suffered from unequal competition.

Zhang said the key is to deepen reform, especially to enhance the qualities of the employees.

The association has held more than 200 training courses in the last decade to train professional personnel for the companies.

Liaoning's Anshan Revitalizes State Enterprises

HK0507070594 Beijing CHINA DAILY in English 5 Jul 94 p 4

[Article by Bian Hongwei from the "Opinion" page: "State Enterprises Boom in Anshan"]

[Text] China has attempted various reforms in recent years to solve State enterprise problems such as inefficiency, debt defaults and stockpiling.

These problems must be dealt with to ensure smooth sailing into a socialist market economy, and some economists and officials say poor management is the cause of the problem.

For the municipal government of Anshan, Liaoning Province, the heart of reform lies in improving the qualifications of managers.

Anshan is one of China's most important heavy industrial bases. The country's biggest steel producer—Anshan Iron and Steel Complex—is located on the outskirts of the city.

Just three or four years ago, many State firms in Anshan were inefficient and unprofitable.

But now things are quite different. Many previous money-losers are now making big profits.

The change, in the eyes of Anshan Mayor Dong Wei, is the result of a pilot programme that appointed former municipal government officials as directors or managers of loss-making State-owned enterprises.

Some 130 government officials have been assigned to large- and medium-sized State enterprises in the city since 1992.

Thanks to years of participation in decision-making for various local projects, the officials have acquired a wide range of experience dealing with practical problems.

Moreover, many officials worked in State enterprises before they were selected to work in the municipal government.

In China, there is a tradition of nominating managers of successful large- and medium-sized State enterprises as government officials in reward for their outstanding performance at work.

"They are always far-seeing, full of ideas and, more often than not, very aggressive," said Dong.

Thus the municipal government made up its mind in the early 1990s to send sharp-minded officials to help enterprises running in the red.

"Our efforts have paid off as most of the once money-losing firms are now making money," Dong said.

The government is stocked with talented people and college graduates often fill government posts.

Those that are patient and smart often rise to the top.

The Anshan municipal government has successfully developed its staff in a diverse way.

Sending officials back to the front line of reform, the city has gained direct economic returns.

Before Shen Tiefang, a senior economist, became director of the Foreign Trade Bureau under the municipal government a decade ago, he was a major budget-maker of the Anshan-based China No 3 Metallurgical Corporation.

At the end of last year, he was appointed director of the then money-losing Anshan Chemical Fibre & Wool Textile General Mill.

With 6,500 employees, the firm was the biggest of its kind in the country.

Yet slack management, together with a weak market a few years ago, squeezed the enterprise. It is estimated that by the end of last year, the firm was 80 million yuan (\$9.2 million) in the red.

After accepting the post, Shen began to make bold changes in the enterprise's administration and management.

The firm's biggest financial loophole, as Shen and his colleagues found out, was its various subsidiaries whose definition of property rights remained unclear.

Shen then stopped operation of 91 money-losing subsidiaries. In this way, the head office avoided losing about 10 million yuan (\$1.2 million), giving the firm a strong financial base.

At the same time, Shen strengthened the firm's personnel management. He set up an income distribution system based on work performance and a mechanism in which managers are elected by employees and have the power to select people for posts.

The factory also ensures that managers have full decision-making power and carry out their responsibilities in accordance with regulations.

Only half a year after Shen took over, the firm stopped losing money.

During the first five months of this year, the firm's sales volume hit 70 million yuan (\$8 million).

Shang Shishi, a senior engineer, is another pioneer in the municipal government's pilot programme.

Shang, former deputy director of Anshan No 1 Light Industrial Bureau, was appointed general manager of Anshan Bicycle General Corporation two years ago.

Founded in 1974, the enterprise is one of the country's major bicycle producers and exporters.

Yet between 1989 to 1991 the firm suffered huge economic losses. The deficit during the three-year period reached 105 million yuan (\$12 million).

Since assuming his post, Shang has focused on reforming management and regulating the firm's product mix to meet market demand.

Shang proved to be an expert on macro-management. Before entering the Anshan Municipal Government, he had a good record as director of a Haicheng-based china factory.

After serving as director of the bicycle factory for just two years, the firm's tax and profit turnover to the government has reached 120 million yuan (\$14 million). Moreover, all debts have been paid off.

From January to April this year, output value hit 192 million yuan (\$22 million).

Despite the success, some still deem the municipal government's pilot programme as an experiment.

They hold that a major problem for further developing State enterprises is the shortage of money.

Former government officials have advantages in getting loans due to their contacts with banks and government organizations, they say, so the achievements of the two firms are due to special contacts and not on a new managerial mechanism.

They say other cities can draw inspiration from Anshan's experiments, but ultimately it is not a final solution.

They contend that thorough transfer of State firms' management mechanisms rests on implementation of the government call to construct a modern corporate system.

Flea Markets Emerge as People Move Into New Houses

*OW0407024094 Beijing XINHUA in English 0147
GMT 4 Jul 94*

[Text] Shenyang, July 4 (XINHUA)—Flea markets have emerged in China as more and more people move into new houses.

In this heavy industrial base in northeast China's Liaoning Province more than 10,000 households have moved to new dwellings in recent years.

Over the past few years large-scale housing development and reconstruction of urban areas have been carried out in all the major cities of China.

When people move to a new place they always worry about dealing with those things they do not want to keep in the new home. Hence, flea markets for second-hand goods market have appeared.

This also reflects a change in people's thinking. Traditionally, small business people were looked down upon.

"It is so interesting to set up a stall in the flea market," said an old lady, who sells junk offered by her daughter in the flea market on the Chongshan Road.

Among the sellers there are lots of industrial workers. Most of them have never tried such business before.

Five years ago they probably would have never done such a thing, but now they are enthusiastic about being "businessmen", they said.

Actually the flea markets are a reflection of the awakening sense of market economy.

One woman was selling "The Best Children's Stories of Zhen Yuanjie" at the original price of 4.5 yuan." The book is a bit old, but its price is much higher now elsewhere," she explained to one customer.

In the past, the Chinese like to keep their old clothes or furniture even if they did not use them. They believed that some day they should find some use for them.

However, people, especially the young, have changed their thinking now. They like to follow the fashion both in clothing and furniture.

"It is easier to move without heavy and troublesome rubbish, and we can replace them with more fashionable and convenient wares," a young stall owner said.

In the flea market articles for sales range from color TVs and refrigerators to antiques.

But their prices are so cheap that one can buy all the necessary articles one needs for only 1,000 yuan (about 100 U.S. dollars)—80 yuan for a tape recorder, 20 yuan for a woolen sweater and 10 yuan for a pair of trousers.

The flea markets are quite popular in the area. In the market on Chongshan Road there are some 100 stands, and over 4,000 customers go there every day.

Criteria Set for Foreign Car-Makers' Ventures

HK0507104394 Beijing CHINA DAILY in English 5 Jul 94 p 2

[CD News: "Auto Industry Rules Set Out"]

[Text] Only foreign auto makers and auto components enterprises that meet certain criteria will be chosen as partners for future joint or co-operative ventures.

The foreign co-operation guidelines are set out in the long-awaited policy on the automotive industry, which was made public yesterday.

The policy, published in full in yesterday's People's Daily, sets the framework for the development of the industry, which is expected to grow into an economic pillar by the year 2010.

It was issued by the State Planning Commission with approval of the State Council.

According to the policy, foreign investment is welcome, but enterprises which expect to go into joint or cooperative ventures with Chinese partners should meet all the following requirements. They must:

—Have self-developed products under patent protection and self-owned trade marks;

- Possess know-how for developing and manufacturing products whose technical standards comply with the laws and regulations of the countries and regions the enterprises belong to;
- Hold independent channels or networks for trading products worldwide;
- And own sufficient abilities to raise funds.

Only proposed foreign-funded projects that meet all the following requirements can receive official approval:

- They must have technical research and development departments able to work out new-generation products;
- Their products must belong to the 1990s international technical standards;
- They can obtain needed foreign currency by exporting their own products;
- And they must give priority to Chinese-made components when these are as good as foreign ones.

Before 1996, the government will not approve any new projects for assembling sedans and light-duty vehicles, according to the policy.

However, after 1995, it will consider proposals for projects to assemble sedan and light vehicles and to manufacture engines.

The considerations will favour proposals submitted by enterprises that meet clear-cut requirements as follows:

- They are already producing 300,000 vehicles and selling 200,000 units and spending at least 3 per cent of sales money on technical development annually.

The government will help such enterprises reach an annual production of 600,000 vehicles:

- They are already producing 160,000 vehicles and selling 100,000 units and spending at least 2.5 per cent of sales money on technical development annually.

The government will help them to increase production to 300,000 vehicles a year.

The requirements for government-favoured enterprises manufacturing heavy-duty trucks, buses, sedan components and motorcycles are also given.

The government will help promising enterprises to concentrate funds for further growth.

Over the next seven years, two to three automobile enterprise groups will be identified and given top support to help them grow.

As for the automotive sector, six to seven enterprises are expected to become pillars.

Preferential Treatment for Automobile Imports Ended

*HK0407043194 Hong Kong WEN WEI PO in Chinese
2 Jul 94 p A3*

[Unattributed report: "Chinese Customs Stops Giving Preferential Tariffs for Import of Automobiles and Motorcycles as of 5 July"]

[Text] In accordance with a decision by the State Council and a notice issued by the General Administration of Customs, the Chinese customs office will rescind preferential tariff treatments for all automobile and motorcycle imports as of 5 July.

The notice said: Provisions on preferential treatment regarding tariffs for import of automobiles and motorcycles by any organizations and personnel in any form of trading (including donations and vehicles brought in by tourists) are to be rescinded as of 5 July, and import of such items will be subject to payment of customs tariffs, import capital gain taxes, and other taxes, with the exception of automobiles and motorcycles imported by organizations and personnel who are to enjoy tax exemption or reduction as prescribed by international treaties to which China is a signatory or has joined, or by other inter-government agreements; and of automobiles and motorcycles imported as free gifts presented by international organizations or foreign governments.

For those automobiles that have yet to be imported duty-free or at a reduced tariff rate with the approval granted and endorsement document issued by the competent department on or before 4 July (that is, where an import license is needed, a license should have been applied for and acquired on or before 4 July; where an import license is not needed, the import application should have been examined and approved and a tariff exemption or reduction certificate should have been issued by the customs office on or before 4 July), the tariff exemption or reduction validity period can be extended to 30 September 1994, only imports effected after this date shall be subject to tariff payment at the rate affixed by the law.

The state has assigned four coastal ports, namely, Dalian, Tianjin, Shanghai, and Huangpu, and the two inland ports of Manzhouli and Shenzhen (Huanggang) as entry ports for assembled automobile imports. Assembled automobile import piers or bonded warehouses for imported automobiles can be built only in these entry ports but not in other entry ports. As from 1 October, only these six automobile import entry ports will be authorized to process automobile import customs declarations, to carry out customs inspection, and to collect customs tariffs, no other entry ports shall handle automobile transhipment and automobile import customs declarations.

Association Established To Protect Copyrights

HK0307081394 Beijing CHINA DAILY in English 2 Jul 94 p 4

[By An Lu: "Association Boosts Copyright Protection"]

[Text] China has been trying hard to protect intellectual property since it intensified the effort in the late 1970s.

Among its most recent efforts was the establishment of the Audio-Video Industry Association of China (AVIAC), a national organization that groups publishers and sellers to protect their interests.

As a non-governmental organization, its function is to help and advise the government on intellectual property protection, said Liu Guoxiong, the association's president.

The establishment of the association has been warmly welcomed by the government, said Gao Linghan, deputy department director of the National Copyright Administration of China (NACA). "We welcome every effort to promote copyright protection," he added.

There are more than 300 audio-video publishers and about 1,000 sellers nationwide. Each year, more than 4,000 new tapes and discs are produced. Output reached nearly 200 million last year.

But the demand for tapes and discs far exceeds supply. China has over a billion people and more than 300,000 leasing and projection rooms.

Audio-video pirates have been active in some areas, cashing in on the huge demand and depriving legal producers of their profits.

And pirated tapes and discs are more attractive to buyers because they are much cheaper than originals.

The piracy problem has made many legal publishers unwilling to produce many copies for fear they will not be able to sell them. The small output in turn means that they are unable to lower their prices and compete with pirated copies.

To protect producers, the government started tackling the pirating problem in the late 1970s.

"Realizing that these illegal activities are harmful to fair competition in a market economy and to China's opening-up and co-operation with other countries, the government has been sparing no effort to check and punish the culprits," said Gao.

Laws and regulations have been enacted. They include the Trade-mark Law issued in 1982, the Patent Law in 1984, the Copyright Law in 1990 and the Anti-Unethical Competition Law last year.

China has also joined various international organizations on intellectual property protection and participated in their activities to strengthen international

exchange and co-operation. These activities in turn have spurred the government's work.

To aid the State's efforts, non-governmental organizations have been established.

Prior to the AVIAC, the Music Copyright Society of China (MCSC) was established to group together authors and composers.

Before these associations were set up, the composers, publishers and sellers usually lacked co-operation and cohesion in fighting audio-video pirates.

Part of the AVIAC's work is to bring in line the efforts of the different groups," said Liu.

The association goes to court on behalf of its members—totalling 150 so far—when their interests have been violated.

It has also established contacts with their overseas counterparts.

But the non-governmental associations can do only so much since their means are limited, said Piao Dongshen, vice-president of AVIAC, adding that the government should still take the lead in protecting intellectual property.

According to Gao, the government will make every effort to further the cause. "We will provide full support for the associations' work," he said.

Since April, the government has organized a crackdown on the illegal duplication of laser discs nationwide. Meanwhile, other departments have strengthened administration over the establishment of enterprises manufacturing compact discs and the supervision over their production.

The protection of intellectual property will be even better as more measures are taken by the government, according to Gao.

At the ongoing session of the Standing Committee of the National People's Congress (NPC), the nation's supreme legislature, lawmakers are examining draft legislation on imposing criminal punishments upon violators of intellectual property rights. Under the proposal, serious offenders would receive jail sentences in addition to fines.

Economist Blames Inflation for Higher Trade Deficit

HK0407055294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3-9 Jul 94 p 1

[By Xiao Wang: "Trade Deficit May Be Higher Than Last Year's"]

[Text] China is likely to run a foreign trade deficit of \$15 billion this year despite a surge in exports in the first five months, said a senior economist.

Zhu Linan, a professor of the People's University of China, said hectic economic growth and inflation are partly to blame for the expected increase in the deficit over last year's figure of \$12.2 billion.

"The growth rates for GDP and price levels this year will surpass 10 and 12 per cent respectively, which may cast a pall over the country's foreign trade balance," he said.

Zhu explained that market-oriented economic reforms have made China's foreign trade more and more dependent on the performance of the national economy.

In the past, when the government operated a planned economy, China could easily eliminate a trade deficit by putting administrative brakes on imports without necessarily adjusting the pace of national economic development.

But the growing interaction between trade and the domestic economy has made it more difficult for the government to rein in the deficit.

The deficit was \$1.8 billion for the first five months with imports growing by 18.1 percent to \$39.3 billion and exports growing 24.1 percent to \$37.5 billion.

The deficit was much smaller than in the same period last year. Some government officials are therefore predicting that the year-end deficit will not be as high as in 1993.

But the fact is that China's imports usually surge from the third quarter of a year and usually accompany a home-building capital investment boom.

Government officials have made it clear that China has to maintain a high rate of economic growth for years to come. An abrupt contraction would otherwise lead to a possible "hard landing."

Zhu said China's latest measures to lower tariffs and pare import quotas will stimulate import growth in the near future.

At the same time, the export deregulation move has proved to be a double-edged sword.

On one hand, more local enterprises in China have access to export business than ever before. But on the other hand, an unchecked price-cutting war by rival exporters has hurt China's overall export profit margins.

Zhu said the government has taken some positive steps to help expand exports.

These include abolishing import subsidies, setting up the first national export and import bank to provide credit support to exports, and improving tax rebates to exporters.

And the international market is showing signs of recovery, providing a boost to China's exports.

"But in the final analysis, negative elements surrounding a larger deficit have outweighed positive ones," Zhu said.

The possibility of governmental intervention to stabilize the renminbi yuan's exchange rate with U.S. dollar may add to a worsening trade balance, he continued.

China cancelled its official exchange rate of \$1 against 5.7 yuan and replaced it with a uniform market-based rate of \$1 against 8.7 yuan earlier this year. That change, which had the effect of lowering prices for Chinese goods overseas, contributed to an export surge in the first five months.

And the outlook is for a further dip in the value of the yuan in the near future because the dollar has been falling against foreign currencies especially the Japanese yen.

"But if the government stops the natural trend and (artificially) imposes stability, exports may not gain sustained momentum," Zhu said.

Stronger Yen Will Not Hurt Foreign Debt Repayment

HK0407053294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3-9 Jul 94 p 1

[By Kan Ren: "Yen's Rise Vs Dollar Shouldn't Hurt China"]

[Text] The recent appreciation of the Japanese yen in the world monetary market will not seriously damage China's ability to repay its foreign debt, says a financial expert.

Although the yen sank below 100 yen to the U.S. dollar last Thursday—it hit 98.95 to \$1 at one point, a post-World War II low—the overall appreciation of the yen against the dollar isn't as strong now as it was from 1984 to 1987.

The yen has registered just a 12.4 per cent rise since the beginning of this year against the dollar. During the 1984-87 period, the Japanese yen appreciated from 250 yen per dollar to 130 yen.

"This time the main impact is psychological," said Qing Xiao, an official with the International Finance Research Institute under the Bank of China.

Besides, she said, China has diversified its debt borrowing to where it is not so dependent on the Japanese market.

Chinese financial institutions have successfully issued bonds in Frankfurt, London, Singapore and Hong Kong in addition to Tokyo.

And they cracked the U.S. capital market earlier last year.

Although some government entities still have issued Japanese-yen-denominated bonds, they have adopted various ways to avoid rate risk.

The tools to avoid rate risk include trading currency futures, engaging in spot trading of foreign exchange and trading currency options as hedges against abrupt rate fluctuations.

The same tools have been used by many Chinese firms to prevent foreign exchange risks with the help of banks.

The lessons have been gained through hard-won experience. The appreciation of the yen from 1984 to 1987 brought huge losses to China because the country was mainly borrowing foreign debt in Japanese yen at that time. Therefore, the funds required to repay the debt rose in real terms as the yen appreciated, even without the debt growing.

The losses spurred the government to set up a special group to study changes in foreign exchange rates.

Although China has not suffered so far from the yen's appreciation, Qing said, it is very important to study the yen's trend.

"We should study what role the yen is playing in the world currency system right now," she said.

At present, the U.S. dollar has a leading role in the world's currency system: 60 percent of the international payments, clearings and reserves are connected to the dollar.

If the dollar maintains this dominance, China won't suffer greatly from its decline against the yen. But if the yen begins to replace the dollar as the world's currency of choice,

China would see detrimental effects by continuing to deal in the dollar.

If the yen becomes the world's leading currency, Japan's trade surplus with the United States would be reduced, which would probably force Japan adjust its trade policy with China.

And the resulting trade surplus might influence Japanese banks to export less capital to China, which would make it more difficult for China to attract Japanese funds.

Furthermore, the Japanese yen's continuous appreciation would perhaps be detrimental to the fragile recovery of the Japanese economy.

Conference Views Import, Export Inspection System

*HK0307071694 Beijing ZHONGGUO XINWEN SHE
in English 0407 GMT 2 Jul 94*

[Text] Beijing, July 2 (CNS)—The import and export inspection system which stuck to the "quality first" strategy for export carried out inspection on import and

export worth a total of US\$75.18 billion last year, according to a national conference held recently and attended by heads of import and export inspection bureaus.

About 11,065 batches of export commodities failed to pass the examination which were valued at US\$301 million. Owners of the commodities have been asked to recover the products or to replace the inferior goods with quality ones, a move to safeguard the credit enjoyed by the state. Meanwhile, the inspection bureaus found 12,814 batches of import commodities worth US\$1.53 billion fail to meet the requirements. The bureaus produced certificates of inspection on the poor quality products in order to enable enterprises concerned to claim damages from foreign exporters. Reparations received were put at US\$186 million. Acting in accordance with regulations of banning illegal reexport of textiles issued by the Ministry of Foreign Trade and Economic Cooperation, the General Administration of Customs and the state Import and Export Inspection Bureau, local inspection bureaus carried out examination of textiles. A total of 300 batches of textile products were prohibited from export as a result.

The inspection bureaus joined forces with relevant departments to conduct survey and investigation into counterfeit and poor quality products seen in border trade and the results were submitted to the State Council. The state bureau together with the General Administration of Customs and the Ministry of Foreign Trade and Economic Cooperation promulgated a notice for a ban on export of false and poor quality goods while at the same time revising the regulations of inspection on import and export in border trade. Establishment of inspection bureaus in border ports was speeded up. Combined practices were employed for spot inspection and thorough investigation into the original sources of goods which failed to meet the requirements. Strict measures including a strengthened sampling check were adopted on commodities involving safety, health and those prone to the illegal practices. Enterprises and businessmen which were found to have committed violation of law on false and poor quality products were severely dealt with according to law. Rampancy of counterfeit and inferior commodities was then put under control in border trade.

Policy on Foreign Investment in Tertiary Industry

*HK0307073294 Beijing ZHONGGUO XINWEN SHE
in English 0458 GMT 2 Jul 94*

[Text] Beijing, July 2 (CNS)—The policy concerning the introduction of foreign investment for tertiary industry have been determined, revealed an official of the foreign investment department of the Ministry of Foreign Trade and Economic Cooperation. Its gist is as follows:

Commerce: One or two jointly funded supermarkets are allowed each in Shanghai, Beijing, Tianjin, Dalian, Qingdao, Guangzhou and five special economic areas. They are entitled to do advertisements, but no wholesale

business is allowed. The investment should be made by both Chinese and overseas enterprises. A supermarket solely funded by overseas enterprise is not allowed.

Foreign trade: foreign investments are allowed within bonded areas only.

Communications and transportation: foreign investment is encouraged in construction of expressway, railway, port and transport by vehicles. Investors are allowed to run these projects as well. They are also allowed to manage railway stations, gas stations along the way, hotels and maintenance service. Joint-ventured or solely foreign-funded wharf and special channel for cargo are permitted.

Aviation: foreign investment is entitled to be involved in construction of airport, aircraft maintenance and over-haul, departure terminal service and aviation catering service. A Sino-foreign air company will be set up on a trial basis.

Financial service: foreign-funded banks are allowed to be established in coastal open cities.

Tourism: foreign businessmen are permitted to undertake tourist facilities and to run tourist items in 11 travel resorts approved by the state. Foreign investment is also welcomed to open joint-ventured international travel agencies.

Real estate: restriction on foreign businessmen to be involved in this sector was something of the past. Foreign businessmen are now permitted to some extent to develop real estate projects, especially on the whole piece of land for exploitation.

Culture and education: overseas donation is encouraged to open schools, and Sino-foreign joint-ventured training centres are also welcomed.

Shanghai Reports Big Increase in Imports, Exports

OW0507023994 Beijing XINHUA in English 0056
GMT 5 Jul 94

[Text] Shanghai, July 5 (XINHUA)—Shanghai, the largest port in China, handled 14.55 billion U.S. dollars worth of imports and exports in the first half of 1994, the Shanghai Customs Office announced today.

That figure represented a 34 percent rise over the same period in 1993, a customs official said.

Imports shot up 28 percent to 7.46 billion dollars during that period, while exports surged 41 percent to 7.09 billion dollars, he said.

Foreign-funded companies in Shanghai scored an impressive increase in exports, he said.

Exports from these companies amounted to 1.66 billion dollars in the first half of this year, up 60 percent over the same period last year.

Altogether, these companies handled 5.06 billion dollars worth of imports and exports during that period, a 67 percent increase and nearly 35 percent of the total handled by Shanghai.

Shanghai's imports and exports topped the 30-billion-dollar mark for the first time in 1993, at 30.9 billion dollars, the official said.

Securities Commission Head Reportedly To Be Replaced

HK0507071094 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 5 Jul 94 p 1

[By Chan Po-chung]

[Text] China Securities and Regulatory Commission (CSRC) head Liu Hongru is tipped to be replaced by Hong Hu as early as September, a switch that is likely to slow the pace of H-share issues in Hong Kong. According to industry sources in Hong Kong, the arrival of Mr Hong will signify the beginning of another era of the CSRC. No date has been set for the changeover, but sources said an announcement could be made by September.

It is understood that the reshuffle of the CSRC will include the departure of deputy director Nie Qingping, who is said to be a close personal associate of Mr Liu and who shares a common outlook on the future of the securities industry in China.

Observers say the listing of China's state-owned firms on the local bourse could be dampened with Mr Hong at the CSRC. "Improvement of the domestic A share and B share markets will be the top priorities of the CSRC's future strategy," one source said.

Reforming the A share and the B share market has become so pressing that the Chinese government has agreed in principle to set a timetable for a freely convertible currency system as a precursor for its re-entry into the General Agreement on Tariffs and Trade (GATT). Convertibility of the yuan to hard currencies such as the American dollar will necessitate a merger of the A share and B share markets.

Mr Hong, son of Chinese Communist Party veteran Hong Xuezhi, has been described as a middle to rightwing party official. He is currently deputy director of the Commission for Restructuring the Economic System. "It will not surprise me if Mr Hong intends to spend more effort in keeping quality stocks in the mainland bourses, in Shenzhen or in Shanghai, rather than letting them drain out, that is, to seek overseas listings," said the source.

The source said this was a dilemma, because a considerable amount of foreign currency would be absorbed from overseas listings of state-owned enterprises, while development of the A share and B share markets would be undermined by the lack of quality stocks.

Export-Import Bank Starts Operations on 1 July

HK0407053394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3-9 Jul 94 p 1

[By Wang Yong: "Special Bank Targets Import-Export Loans"]

[Text] The Export and Import Bank of China can hardly be called a babe in the woods, though it cut its first tooth Friday.

"We will rocket into orbit within five years, with total assets hitting several-billion U.S. dollars," said Tong Zhiqiang, chairman of the Board of Directors of the bank, which was formally launched on April 26. The bank started operations on Friday.

As China's former chief Gatt negotiator and Vice-Minister of Foreign Trade and Economic Co-operation Tong is the right man for the job to spearhead China's banking efforts that surround China's burgeoning foreign trade.

The new bank has agreed to extend 3 billion yuan (\$345 million) to finance the country's export of pricey value-added machinery and electronic products this year.

However, demands from domestic exporters are already exceeding 10 billion yuan (\$1.15 billion).

As a leading supporter of China's technology-intensive exports, Tong expects the bank to build its loan volume as profits grow via the issuing of bonds and credit insurance.

"The establishment of this bank is critical to ensure that China's exports sustain momentum," Tong said in an interview with Business Weekly.

Foreign trade without special banking support would languish, he said.

At present, China's main exports are non-capital goods such as native products, light industrial goods and textiles.

Machinery and electronics account for only one-fourth of the country's average annual export volume.

By contrast, the proportion of such goods to total exports in developed nations is well over 70 per cent.

Tong pointed to an unsettling fact that if it does not sharpen its competitiveness in the world market China may gradually lose its comparative advantages in the manufacture of labour-intensive products, now that the costs of labour and raw materials have soared.

"It is time for us to focus more on high-tech and high-value-added exports. The birth of the bank is a natural response to that need," Tong said.

"In the long run, our bank will facilitate China's industrial restructuring that gives rise to more export-oriented industries," he added.

The bank will also help China diversify its overseas markets by way of not only export credits, but export credit insurance as well. As entry into the General Agreement on Tariffs and Trade (Gatt) approaches, diversification will be easier to achieve, he contended.

"For the time being, we will concentrate on increasing exports to developing nations where Chinese machinery and electronic products are welcome," he said.

Over time, the bank will support exports to developed markets, he added.

Initially, the bank will engage in issuing export seller's credit. But this business alone wouldn't be enough to bring considerable profits to a bank.

"After setting up correspondent relations with foreign banks, we will provide buyers' credits, too," Tong said.

"And we will act as a guarantor for foreign banks that may be involved in export trade financing in China."

Project financing and import and export insurance, which are generally profitable lines of business for a bank, will be added to the banks' service offerings over time, he said.

The bank plans to issue domestic financial bonds worth 1 billion (\$115 million) to 1.7 billion yuan (\$195 million) this year.

And, if time is right, the bank will issue mainly long- and medium-term bonds overseas as well. "We'll surely ask for help from first-class investment banks and financial institutions to that effect," Tong said.

"We may also borrow money from big-name international banks and other financial organizations," he said.

Tong said the bank may borrow either a small amount or even syndicated loans. [sentence as published]

Central Authorities Seek Tighter Credit Controls

HK0407052794 Hong Kong SOUTH CHINA MORNING POST in English 4 Jul 94 p 7

[By Zhang Yuan and Daniel Kwan]

[Text] Beijing, in a bid to curb inflation, has issued a new set of administrative regulations which will further tighten controls over the availability of credit for fixed-asset investment projects. The new rules stipulate that the central bank, the People's Bank of China, will be given more say in the extension of bank loans for infrastructure and capital construction projects as well as the allocation of such credit.

Inflation, which levelled off to 21.5 per cent in May has been a major concern of the Government. Premier Li Peng said in March that the Government would do everything it could to bring inflation down to 10 per cent.

The new regulations followed recent remarks by executive Vice-Premier Zhu Rongji that the Government would step up its supervision over the country's financial institutions to make sure that all loans were made according to rules laid down by authorities. "We cannot go beyond the pre-set limits for fixed-asset investments this year because the present scale is already very big," Mr Zhu said in the latest issue of Mirror Magazine. "Otherwise, the consequence would be a (further) expansion of money supply and then inflation and prices would skyrocket. This would affect social stability," he said.

In addition to keeping control over bank credit, the Vice-Premier, who is also the Governor of the People's Bank of China, instructed the nation's bankers that they should speed up the transformation of China's four specialised banks into state-owned commercial banks. However, the banking chief also said that while the commercial banks must keep a tight grip on credit for fixed-asset investment projects, they should support industry by providing greater working capital.

Under the new regulations, the People's Bank will assume the full responsibility of a central bank in monitoring the country's financial markets and the players involved. Also, fixed-asset investment projects applying for bank loans will have to seek approval from the State Council and the State Planning Commission. Loans for major infrastructure projects will come under the control of the newly formed State Development Bank. Other state-owned commercial banks will no longer be allowed to provide such credit, according to the new regulations.

Central Bank To Strengthen Control Over Investments

HK0407053494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3-9 Jul 94 p 1

[By Ren Kan: "Authorities Draft Rules for Funds"]

[Text] The People's Bank of China's is drafting a set of regulations to strengthen control over investment funds.

The regulations already have been revised 10 times and are expected to be presented in the near future, said an official with the People's Bank of China, which is China's central bank.

The regulations are aimed at ensuring fledgling investment funds proceed on the right track. China at present has only scattered regulations in some cities.

"The coming of the regulations cannot be delayed anymore," said the official, who asked not to be named. He added that the current regulatory system simply isn't adequate.

The country now has 50 funds involving 4.5 billion yuan (\$517 million). But only four have been approved by the central bank's head office.

The central bank stressed twice last year that only it has the right to approve the establishment and listing of funds.

But the central bank's Shenzhen branch and the Shenzhen Securities Exchange nonetheless approved four funds last year.

The unnamed official said the central bank this year will not approve new funds but will concentrate on standardizing existing funds.

The coming of the regulations will give the central bank more power to do the work, he said.

The official said the regulations will clearly point out that the People's Bank of China is the appropriate administrative body over the investment funds.

It only is given the right to approve the establishment and listing of funds, supervise the operation, and determine violations and punishments.

The regulations will clarify the responsibilities and rights of fund sponsors, managers, custodians and investors.

According to the regulations, the investment funds should pour a certain amount of money into purchasing treasury bonds.

And the regulations will require the investment funds only buy a certain amount of shares of one company to guarantee more diversification and, thus, safety for investors.

The official said that the regulations will also require funds to disclose adequate information to the public.

To make the regulation more effective, he said, any fund that violates the regulations will be fined between 100,000 yuan (\$11,500) and 1 million yuan (\$115,000).

The central bank started to draft the national regulations at the start of 1993.

Since both the fund administrators and operators are relatively inexperienced, it is impossible to implement the regulations quickly, say officials. China's first investment fund was born in 1991.

The central bank has learned from the experiences of Hong Kong, the United States and Taiwan in drafting the regulations, said the unnamed official.

Although China's regulations are not as detailed as theirs, said the official, the basic skeleton is very similar.

Government Acts To Limit Illegal Gold Trading

HK0507070394 Beijing CHINA DAILY in English 5 Jul 94 p 1

[By Xiao Pei: "New Moves To Repress Illegal Gold Transactions"]

[Text] China's gold output in the first half of this year grew by about 10 per cent over the same period of last year.

But only 62 per cent of the production was sold to the People's Bank of China, the central bank, during the first five months of the year, said Ai Dacheng, Vice-President of the Gold Bureau under the Ministry of Metallurgical Industry.

Last year, only 55 per cent was sold to the central bank.

The rest of the gold was illegally traded on the black market, which mushroomed since last year.

Ai said that the government has taken measures to improve gold production and eliminate black markets.

Since last September, the government brought the purchase price in line with the international market.

Last month, the government decided to exempt the value-added tax imposed on gold mines for two years, which will further stimulate the production, Ai said.

But if gold mines do not sell all their output to the central bank, such treatment will be cancelled, he warned, adding that banks will also stop providing loans.

The regulation on introducing foreign investment to develop low-grade and hard-to-dig mines will soon be published.

The State Council had called for an end to all black markets in gold by the end of June.

Strict measures will also be taken to crack down on gold smuggling, he said.

He reiterated that no units and individuals can engage in gold production, processing, wholesale or retail, without approval from the central bank.

The government will check gold jewelry processing factories, wholesalers and retailers.

Industrial Output Up 19

Through May

HK0407055694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3-9 Jul 94 p 8

[By Qu Yingpu: "Industrial Growth Climbs to 19%"]

[Text] China's industrial output value between January and May hit 1,590.53 billion yuan (\$182.82 billion) at 1990 constant prices, 19.03 percent more than during the same period of last year according to the latest figures released by the State Statistical Information and Consultancy Service Centre.

Capital investment growth has been trimmed remarkably but still remained huge in the first five months of this year, a strong force behind the rapid industrial growth.

The report indicated that capital construction spending in the State-run industries topped 114.09 billion yuan (\$13.11 billion) in the January-May period, up 35.1 percent over the same period of last year.

Of the total input, 46.47 billion yuan (\$5.34 billion) went to projects under the administration of the central government, 30.1 percent more over the same period last year, while projects under control of local authorities absorbed 67.63 billion yuan (\$7.77 billion), up 38.8 percent.

Divided by investment purposes, 10.05 billion (\$1.16 billion) went to apartment building projects, up 20 percent, while fixed assets of the State-run industries also grew by 50.2 percent to top 11.27 billion yuan (\$1.3 billion).

Technical renovation in the State-run industries in the first five months absorbed 45.04 billion yuan (\$5.18 billion), up 29.3 percent.

In industrial production in the January-May period, light industrial output jumped 20.27 year to hit 755.52 billion yuan (\$86.84 billion), while heavy industrial output gained 17.93 percent to stand at 835.01 billion yuan (\$95.98 billion).

State-run industries in the period generated 733.62 billion yuan (\$84.32 billion) worth of products, up 4.9 percent, the report said.

Collectively-owned enterprises chalked up a 30.1 percent increase in the January-May period to 602.72 billion yuan (\$69.28 billion).

Of the total output made by the collectively owned firms, 405.14 billion yuan (\$46.57 billion) was generated by plants in rural areas, up 46.62 percent.

Foreign-funded enterprises and private firms reported an output of 254.19 billion yuan (\$29.22 billion) in the first five months, a buoyant increase of 44.38 percent over the same period in 1993.

The centre's report said energy production increased by 4.8 percent in the first five months to total 433.8 million tons of standard coal equivalent.

Production of undressed coal generated a 5.6 percent rise in the period to 462.71 million tons.

The production of crude oil grew by 0.9 percent in the first five months to 60.97 million tons, while natural gas production inched up 3.1 percent in the period to 6.93 billion cubic metres.

Hydro electricity output growth was 22.1 per cent to total 56.76 billion kilowatt-hours.

BOT

Output of Major Industrial Items in May

Items	Unit	Output	Change (%)
Automobiles	million	0.6	3.56
TV sets	million	11.8	4.67
Colour TV sets	million	6.4	26.9
Home washing machines	million	4.6	14.5
Home refrigerators	million	8.3	41.7
Yarn	million tons	2.0	2.0
Chemical fibres for garments	billion metres	0.9	27.4
Cigarettes	billion	680.0	-1.1
Beer	million tons	5.3	13.3
Steel	million tons	38.8	7.2
Rolled steel	million tons	34.4	8.1
Sulphuric acid	million tons	5.8	8.7
Soda ash	million tons	2.4	15.9
Chemical fertilizers	million tons	8.2	8.5
Timber	cubic metres	18,800,000	9.1
Cardboard	cubic metres	2,030,000	11.8
Cement	million tons	152.0	11.6
Flat glass	million boxes (1 box equals 50 kg)	46.6	5.5

Airlines Boost Fleets With 17 New PlanesOW0107143994 Beijing XINHUA in English 1415
GMT 1 Jul 94

[Text] Beijing, July 1 (XINHUA)—China has so far received 17 new passenger planes this year, 14 of them in the Boeing series, three being European Airbuses.

Sources from the China Aviation Supplies Company (CASC) said that China Southern Airlines was the biggest buyer, receiving eight new planes, including seven Boeing-737-300s jetliners and one Boeing-757 jetliner; Eastern Airlines received three A300-600 airbuses; Air China received one Boeing 747-400, one Boeing-767 and one Boeing-737; the other three new planes went to the Southwest, Shenzhen and Central China Airlines.

In recent years China's civil aviation industry has been developing fast, and every year a large number of new passenger planes are needed. In 1992 China acquired 80 passenger planes, and last year the figure was 71.

Under buying and leasing contracts signed by the CASC with foreign aircraft manufacturers, there will be 104 passenger planes to be delivered to China's airlines from this year to 1998.

Onshore Oil Output Hits 'Record High'OW0307081794 Beijing XINHUA in English 0737
GMT 3 Jul 94

[Text] Beijing, July 3 (XINHUA)—China's onshore oil production in the first half of this year hit a record high of 69.36 million tons, up 310,000 tons from the same period of last year.

This output also made up a little more than 50 percent of the state-set target for the whole year, indicating a trend of stable development for China's burdened oil industry.

According to the China National Petroleum Corporation (CNPC), sluggish sales of crude from the few oil fields in the western part of the country had shadowed the production prospect, but eventually output increases in other fields more than filled the gap.

A CNPC official today attributed this to the effort to stabilize oil output in China's eastern part and speed up exploration and development in the western part—a strategy adopted since early this year.

Oil production in the eastern part accounts for more than 90 percent of the country's total, yet the aging fields there aroused fear of a drastic decrease of output, for they have generally hit water-bearing strata.

The eastern oilfields have adopted measures to enhance oil recovery and raise production efficiency, the official said.

The government increased the prices of crude on May 1 this year and decided to carry out reforms of the circulation system of crude and oil products to "establish a standardized, dynamic yet orderly system that meets the demand of the socialist market economy."

A "relatively rational arrangement" was worked out for an aggregate equilibrium of crude demand and supply in May, June as well as the third quarter of this year, according to the State Planning Commission.

This will help bring China's total crude output this year to 140 million tons, slightly higher than that of last year as well as the state-set target for this year.

Statistics show that from January to June, China's onshore natural gas production stood close to 7.8 billion cu m, 160 million cu m more than a year ago. Its projected output this year is 16 billion cu m.

Meanwhile, oil exploration in the country has brought about encouraging results. A number of new discoveries were reported in the eastern part; in the western part the exploration continued to expand in the three famous basins of Turpan-hami, Tarim and Junggar, and several high-yield oil and gas bearing structural belts were found in the Tarim Basin.

Proven natural gas reserves kept increasing in Shaanxi and Sichuan provinces as exploration proceeded and

breakthroughs were made in the south, especially in Yunnan Province, shedding light on oil and gas potential there.

Experts predict that the increase of proven oil and natural gas reserves in China is expected to reach another peak in the coming few years, as long as the current exploratory work goes on.

Shengli Oilfield Developing Offshore Oil

*OW0307011394 Beijing XINHUA in English 0056
GMT 3 Jul 94*

[Text] Jinan, July 3 (XINHUA)—The Shengli Oilfield, the second-largest in China after Daqing, plans to pump 300,000 tons of oil from offshore areas in 1994, three times the amount in 1993.

A local official said that the oilfield, located in east China's Shandong Province, produced 130,000 tons of oil from offshore areas in the first half of 1994, more than the total for all of 1993.

Last year the oilfield pumped out 33.46 million tons of oil, a quarter of China's total.

Offshore oil reserves of nearly 100 million tons have been verified in Bohai Bay near the oilfield, the official said.

The Shengli Oilfield has eleven operational oil wells in the bay, all with Chinese-built rigs and transportation facilities, he said.

Government To Restrict Steel Trading Due to Surplus

HK0507070494 Beijing CHINA DAILY in English 5 Jul 94 p 2

[By Pei Jianfeng: "Glut as Steel Stocks Pile Up"]

[Text] Surplus imports of rolled steel during the first half of the year have increased the country's stockpile, said government officials.

According to statistics from the General Administration of Customs, China imported about 8.2 million tons of rolled steel in the first five months of the year.

At the same time, the stockpile of domestic steel producers amounted to 4.08 million tons, up 191 per cent over the same period last year, according to Wu Xichun, vice-minister of the metallurgical industry, over the weekend.

China imported a record 30.26 million tons of rolled steel last year, about 8 million tons more than the domestic market could consume.

The government had planned to restrict imports to 10 million to 12 million tons this year in order to reduce the stockpile.

But officials estimated that imports in the first half of the year have already exceeded 10 million tons.

Wu said that China produced 46.3 million tons of steel during the first half of the year, up 6.63 per cent over the same period last year.

The output of rolled steel hit 41 million tons, representing a 6.49 per cent increase.

The total revenue of large and medium-sized steel enterprises reached 111.4 billion yuan (\$12.88 billion), up 15.9 per cent over the same period last year and their profits grew by 31.8 per cent.

About 85 per cent of the increased steel output was contributed by large steel complexes, Wu said.

On the domestic market, steel prices have started falling since April because of oversupply.

Wu said that the government will soon adopt strict measures to curb imports of rolled steel.

More than 50 per cent of rolled steel imported in the first half of this year came into the country with lowered tariffs or no tariffs at all.

There are more than 3,900 companies in China engaged in imports of rolled steel, 2,200 of which are in Guangdong Province.

Many companies are importing rolled steel under preferential policies granted to special economic zones.

To keep steel prices stable, the government have imposed guideline prices since May 20 for 10 major steel products, including wire rod, thick plate and cold-rolled thin plate.

The prices are allowed to fluctuate five per cent up or down.

The futures trading of rolled steel will be banned from November, said officials.

Ministry Reports Steel Production Up in First Half

*OW0207141094 Beijing XINHUA in English 1344
GMT 2 Jul 94*

[Text] Beijing, July 2 (XINHUA)—China produced a total of 46.3 million tons of steel in the first half of this year, which represents an increase of 6.4 percent over the same period last year, a spokesman for the Ministry of Metallurgical Industry announced today.

The spokesman, Wu Xichun, reported an increase of about 2.88 million tons by the end of June and a marked increase in gross profits by large and medium-sized iron and steel enterprises.

Wu attributed the steady increase in steel production and better economic returns in the metallurgical industry to various measures taken by the ministry to

improve the production setup in the large steel production enterprises, whose production makes up 85 percent of the total.

A recent quality control survey by the relevant state departments shows that up to 96.8 percent of the steel surveyed were up to the standards set by the state, 27 percentage points higher than in the same period of last year.

As steel supply surpasses demand in China's domestic market and stockpiles are rising, a pressing task ahead for China's steel industry is to maintain a balance of supply and demand, Wu said.

Anshan Steel Center Seeking Foreign Cooperation

*OW0407062694 Beijing XINHUA in English 0601
GMT 4 Jul 94*

[Text] Beijing, July 4 (XINHUA)—One of China's giant steel producers is seeking further overseas co-operation to quicken the pace of technical renovation and restructuring of production.

Dong Wei, mayor of Anshan city in northeast China's Liaoning Province told a news conference in Beijing that the city is to further extend international exchanges and co-operation with its overseas counterparts.

Dong said that great progress has been made over the past few years in transforming the city from simply a steel production base to a city boasting a complete array of industry, including metallurgy, mechanics, chemistry, electronics, light industry, textiles, building materials, foodstuffs and pharmaceuticals.

He said that since the country introduced the policies of reform and opening up, the city has paid close attention to building an export-oriented economic system. To date, it has approved 521 foreign-funded projects, with agreed investment totaling 2.1 billion U.S. dollars.

It has also built 453 foreign-funded joint ventures, involving nearly one billion U.S. dollars. Investors have come from 22 countries and regions around the world, including Japan, Germany, the United States, the Republic of Korea and Hong Kong.

A booming economy and rich natural resources have brought about a bright future for overseas investment, the mayor said, adding that four economic and development zones have been set up in the city: one new- and high-tech industrial zone, two special development zones, and one entertainment and tourism development zone.

But, he said, as a steel center, the city's state-owned enterprises are its economic mainstay and provide a good environment for overseas economic co-operation.

Despite the difficulties they are meeting currently, they are still the best choice for overseas investors, boasting advantages in finance, technology, management experience and skills.

Meanwhile, he said, the city plans a number of large projects in energy, transportation, raw materials and infrastructure.

Provinces Target Upgrading Telecommunications

*OW0307005994 Beijing XINHUA in English 0044
GMT 3 Jul 94*

[Text] Beijing, July 3 (XINHUA)—In keeping pace with rapid economic growth, China's provinces have been carrying out a massive upgrading of their telecommunications systems.

The government of Sichuan Province in southwest China has announced that it will soon start a third phase of telecommunications upgrading to tackle the shortage of phone lines.

The project will spend 4.2 billion yuan to set up a digital transfer trunk line network across the province and switch the telephone systems in all its major cities to program-control.

In two years, when the project is completed, Sichuan Province will expand its telephone systems by 1.2 million lines, which means each 100 persons will be able to share two telephones.

In central China's Hubei Province, mounting pressures from marketing demands have forced the telecommunications authorities to revise their development goal.

The new plan provides a 35 percent annual growth for the telecommunications sector and will focus on developing house and rural telephones, official sources said.

When the project is completed in five years' time, 88 percent of the urban families in Hubei Province will have phones, and every village will be linked by telephone.

According to the plan, Hubei Province will have 6.76 million phone lines when the five-year program is completed, of which 4.5 million will be in urban areas and 1.5 million in rural areas.

In east China, Jiangsu Province reported that its rural telephone switching capacity had hit 1.04 million lines by June 30, accounting for 34 percent of the province's total.

Official sources said 80 percent of the villages in Jiangsu are now connected by telephone, and 470,000 farmers have phones in their houses.

Some 80 percent of the province's rural telephones are program-controlled, the sources said.

Regulations on Company Formation Issued

HK0107135894 Beijing CHINA DAILY in English 1 Jul 94 p 1

[By Ma Zhiping: "State Eases Restrictions on Forming Companies"]

[Text] China's first set of regulations overseeing the establishment of the modern corporate system takes effect today.

"This is the first supplementary regulation to help implement China's Company Law," said Liu Minxue, director of State Administration for Industry and Commerce, at a news briefing yesterday.

The regulations, issued by the State Council on Tuesday, will remove registration requirements for many new companies, Liu said.

"Governmental examinations and approvals, a precondition for new companies in the past, will no longer be necessary except for those specified under legal stipulations," he said, adding that the regulations will bring company registration closer to international practice.

To register as a company, firms must have at least 100,000 yuan (\$11,500) in capital and a vast scope of business. Share-holding companies must have at least 10 million yuan in capital.

Industry and commerce administrations at State, provincial, city and county levels will be in charge of company registration.

However, only the head office will handle registration, according to the new regulations.

Also State and provincial administrations will be the only organs authorized to handle the registration of limited liability share-holding companies and economic firms which are funded by the State or other investors.

He said administrators will take at least three years to reexamine those companies which have already registered.

"During the initial stage, we will focus on the 11,000 share-holding companies listed by the State as pilot firms in the corporate reform," he said.

By the end of March, China had more than 7 million registered enterprises, among which 1.44 million are corporate companies with State, collective, Sino-foreign or private investment, according to official statistics.

The rest are solely State-funded firms, which make products or services strictly according to government planning. The government oversees employment and wages.

"New companies to be set up must conform to the stipulations of the Company Law and the Regulations

governing Company Registration," the official noted. [capitalization as published]

Previous State regulations governing the registration of foreign-funded firms are still effective for new joint ventures, according to the new regulations, Lou said.

Beijing Issues New Rules on Automobile Imports

OW0207133794 Beijing XINHUA in English 1302 GMT 2 Jul 94

[Text] Beijing, July 2 (XINHUA)—China will start from July 5 this year implement a new set of regulations on the taxation and management of the import of automobiles and motorcycles, according to the General Administration of Customs here today.

The new regulations provide that all the imported automobiles and motorcycles, except those otherwise provided in diplomatic and bilateral agreements between governments, will be subject to taxation.

The state will stop approving any deals in modified vehicles or dismantling of used automobiles and motorcycles imported by any mode of trade. The import of second-hand automobiles and motorcycles by trading or by way of donation will be forbidden.

The four sea ports of Dalian, Tianjin, Shanghai and Huangpu, and the two land ports of Manzhouli and Shenzhen will be the ports for handling the import of whole automobiles and motorcycles.

Beijing-Sanya Airline Route Opened 24 Jun

OW0307142794 Beijing XINHUA in English 1253 GMT 3 Jul 94

[Text] Haikou, July 3 (XINHUA)—The first airline route between Beijing and Sanya on China's southern island province of Hainan was opened last Friday [24 June].

A Boeing 747-400 plane took the first flight, also the first time for a Chinese civil airport to use a Boeing 747 to inaugurate service.

The island province now has two large airports in the provincial capital Haikou and Sanya, which have greatly facilitated the one-time poor and inconvenient transportation links with the continent.

Hainan's civil aviation has developed quickly in recent years. Nearly 40 new air routes have been opened between Hainan and large and medium-sized cities in China. There are also four international air routes between Hainan and Singapore, Kuala Lumpur, Bangkok and Hong Kong.

A regional aviation company was also set up in Hainan.

The Haikou Airport is among the ten largest airports in China.

The newly-built Sanya Phoenix International Airport is China's first share-holding airport. The total investment in the airport is 1.4 billion yuan (\$160 million). The transportation capacity can reach 1.5 million passengers annually in the first stage, 3.5 million and 10 million in the second and third stages.

Agricultural Exporters Required To Bid for Licenses

HK0307080994 Beijing CHINA DAILY in English 2 Jul 94 p 2

[By Wu Yunhe: "Bids for Export Licenses"]

[Text] Chinese exporters dealing with agricultural products will have to win export licenses by public bidding.

The measure, being experimented with four products, is a top priority in the reform of the country's foreign trade regime, after the unification of the dual-rate foreign exchange system implemented at the beginning of this year.

Xu Zhongda, an official with the China Chamber of Commerce of Importers and Exporters of Foodstuffs, Native Produce and Animal By-Products, said the bidding-for-licence practice will help restore order in the management of agricultural product exports.

Many Chinese exporters compete to buy agricultural products at relatively high prices and then sell to foreign companies at lower prices. This results in plummeting export prices and heavy losses to the country.

The bidding practice began this year under the organization of the Chamber of Commerce.

Eighty-eight companies have tendered for the export licenses of garlic, logs, ramie and honey, and 16 of them have been licensed. The four products are traditional Chinese exports in high demand on world markets.

Xu said that winners of bidding are chosen on the basis of the prices they offer, their financial ability and credibility on the international markets.

Successful bidders are required to report their regular business practices to the chamber.

He stressed that the new practice will limit the number of exporters and ensure that only the best companies engage in farm product exports.

The reduction in the number of garlic exporters, for example, has helped garlic prices rebound 66 per cent. Only 16 companies are allowed to export garlic, compared with over 1,000 firms a year ago.

Garlic prices dropped about 50 per cent last year because of the lack of management and co-ordination between Chinese exporters. Many foreign buyers were concerned about the constant price drops of the product, fearing unstable supplies and poorer quality.

Xu said China will expand the bidding-for-licence practice to more agricultural products over the next few years.

The reform is especially vital because it is not only related to the development of farm exports, but also concerns the government's efforts to preventing any possible anti-dumping-trade wars launched by foreign countries.

China now has more than 1,000 companies engaged in foreign trading of foodstuffs, native produce and animal by-products.

Last year, \$15.5 billion worth of farm and animal by-products were sold abroad, a 10 percent increase over the previous year.

State To Lease 'Damaged' Land to Foreigners

HK0407055494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3-9 Jul 94 p 8

[By Wu Yunhe: "State to Auction Barren Lands for Agricultural Use"]

[Text] The central government is formulating regulations and rules to auction more than 33 million hectares of land in the countryside for agricultural development.

Areas to be sold include marshlands, hillsides, grasslands, uncultivated lands and areas damaged by soil erosion, said Guo Tingfu, director of the Department of Land and Water Preservation in the Ministry of Water Resources.

The government plans to offer 50- to 100-year leases and wants to attract investors—both Chinese and foreign—who are interested in agricultural development.

The lease offers will be made by local governments that currently have unused land. In the case of foreign buyers, municipalities must consult with the State Land Administration before transferring any land titles. Such purchases must be approved by the central government, said a senior official with the ministry.

The plan has the dual goal of speeding up agricultural development and raising money for the government.

According to Guo, some of the proceeds will go toward a special fund to continue the work in preventing soil erosion. The government has spent more than 200 million yuan (\$23 million) in the past several years in an effort to contain soil erosion.

Official figures show damage is extensive. Land damaged by erosion amounts to 3.7 million square kilometres, severely hampering agricultural production.

The government sees the growth of wasteland as a serious problem. "We will use a special contract to encourage both Chinese and foreigners to use the land for agricultural production," Guo said. "We also will ban such activities as real estate development," he added.

Heilongjiang, Shanxi, Shaanxi and Shandong provinces have already started auctioning land. They have leased more than 466,600 hectares to farmers and collective businesses.

As a pilot area for the auction programme, Muning County in Heilongjiang Province leased more than 60 hectares of land this month. The auction was attended by more than 900 farmers and collective businesses.

Buyers spent only 1,950 yuan (\$224) on average for the right to use one hectare of land for 50 years.

Guo said that the buyers can also release their land to others according to the market prices.

In addition to the leasing scheme the government is considering introducing the shareholding and household contract responsibility systems among farmers for agricultural development on marshlands, hillsides, grasslands, uncultivated lands and areas damaged by soil erosion, he added.

Opening up wasteland for agricultural production is a long-term programme to halt further shrinkage of the country's arable land area, Guo said.

Rural industrialization has also contributed to the erosion of farmland, posing a threat to the country's ambitious plan to increase grain yields for the huge and still increasing population.

Farmers' Associations Boost Rural Markets

OW0307142894 Beijing XINHUA in English 1317
GMT 3 Jul 94

[Text] Shijiazhuang, July 3 (XINHUA)—The first batch of farmers' associations have been set up in north China's Hebei Province, directly leading millions of farmers into the booming market.

These associations, jointly founded by farmers and the economic and technological departments at all government levels, are serving as a bridge linking the rural economy with markets, local officials said.

Chinese farmers used to plant according to the mandatory plan under the planning economy. China is establishing a market economy, farmers must adapt their production mode to the change. Farmers' association is considered a trial to guide farmers into auction and other fields, according to local officials.

The province's major grain and cotton producer, Handan City, has established nearly 6,000 such associations from county level down to villages with more than 30,000 technicians and administrative staff members. There are also 103 associations to offer special services.

According to the officials, the farmers' association is a semi-governmental organization. Part of the technical personnel of the administrative departments take part in farmers' associations and its initial funds are provided by the local governments.

One of the functions of the association is to provide farmers with market information, with which farmers adjust their production in good time. In Handan farmers' associations also have set up 401 companies marketing farm products. A total of 72.14 million kilograms of farm produce were sold in 1993 with the help of the associations.

In addition, the associations provide free services covering the areas of information, technical training, protection for farmers' rights and interests, and farm planning. In 1993 the associations in the city trained more than 61,000 farmer-technicians, and over one million farmers attended special training courses or lectures.

Beijing To Raise Forestry Coverage to 15 Percent

OW0207133994 Beijing XINHUA in English 1252
GMT 2 Jul 94

[Text] Beijing, July 2 (XINHUA)—Minister of Forestry Xu Youfang said today that China will strive to bring its forest coverage from the current 13.92 percent to 15.3 percent by the turn of the century.

"The goal could be reached even one or two years earlier," Xu told the current Eighth Session of the Standing Committee of the Eighth National People's Congress (NPC) in his work report.

He told the legislators that his ministry has halted the decline in the growing stock.

"This is of far-reaching significance as the world forest resources are shrinking annually," Xu said.

There are 133.73 million ha of forests in China and its growing stock has reached 11.79 billion cubic meters.

He said that China plants more than 33.3 million ha of trees every year and cultivates forests by sealing up the mountains. The standard rate of artificial afforestation has reached 84.5 percent and the survival rate has reached 29.5 percent.

The increment value of the forestry industry in the country is growing at an annual rate of 9 percent and the total output value will rise from the present 140 billion yuan (about 16.28 billion U.S. dollars) to 304 billion yuan by the year 2000, he noted.

The minister said the country has witnessed a sharp decrease of forest fires since the catastrophic blaze of 1987 which devastated timber resources in northeast China's Dahinggan Mountains.

The annual incident rate has been controlled at less than 0.31 per thousand, compared to the world's average of one per thousand, according to Xu.

Xu said his ministry will increase co-operation and exchanges with other countries and international bodies.

The ministry has established ties with one third of the world's countries and regions.

A 300-million-U.S.-dollar tree planting project funded by the World Bank to grow fast-growing trees is the biggest both for the World Bank and China.

East Region

Fujian Leaders Urge Greater Help for Poor Areas

HK0407063394 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 29 Jun 94

[Text] A provincial meeting on helping and developing poverty-stricken areas was held in Fuzhou yesterday [29 Jun]. Provincial leaders Jia Qinglin [party secretary], Chen Mingyi [governor], He Shaochuan, Wang Jianshuang, Lin Xiaozhu, Song Jun, Zhang Jiakun, and Hong Wanfa, and old comrades Hu Hong, Wen Shaoshan, Xiao Xian, (Xu Jingwei), attended the meeting. Jia Qinglin, secretary of the Provincial CPC Committee, presided over yesterday's meeting.

Governor Chen Mingyi made a speech on comprehensively learning from the plan for tackling difficult problems in helping poverty-stricken areas. He said: The period from the present to the end of the century is a crucial period for pushing forward reform, opening up, and modernization in our province. It is also a period for tackling difficult problems in helping poverty-stricken areas of the whole province. The general goal is to speed up the development of the resources of poverty-stricken areas, solve as soon as possible the problems of food and clothing for 800,000 people, consolidate and develop existing achievements in helping poverty-stricken areas, reduce the number of people who fall back to poverty again, and promote the sustained, rapid, and healthy development [chi xu kuai su jian kang fa , han 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy of poverty-stricken areas. The focus is on solving problems for mountain areas, former revolutionary base areas, and areas inhabited by minority nationalities, where the conditions for subsistence are poorest, difficulties are most numerous, and the population is highly concentrated.

Chen Mingyi stressed: To implement the national plan to tackle difficult problems in helping 70 million poverty-stricken people in eight years, we must continue to mobilize the strength of the whole society and arouse the enthusiasm of all sectors about helping poverty-stricken people. Poverty-stricken areas should firmly establish the idea of doing arduous pioneering work, focus their attention on depending on their own strength in changing the face of poverty-stricken areas, and energetically explore new ways to help and develop poverty-stricken areas. It is necessary to constantly strengthen the building of spiritual civilization and to strive to properly solve conspicuous problems in poverty-stricken areas.

Chen Mingyi urged leaders at various levels to continue to improve their work style, go deep into poverty-stricken areas, visit the poor and those who have difficulties, familiarize themselves with the conditions of the people, earnestly carry out investigation and studies, and carry out work to help and develop poverty-stricken areas in a down-to-earth manner.

Vice Governor Tong Wanheng relayed to the meeting the spirit of the national meeting on work to help and develop poverty-stricken areas.

Fujian Province Plans Investments in Power Industry

OW0407125194 Beijing XINHUA in English 0926 GMT 4 Jul 94

[Text] Fuzhou, July 4 (XINHUA)—Fujian Province, southeast China, has planned to invest 50 billion yuan (more than five million U.S. dollars) in building up its power industry in the coming seven years.

During the period, 14 major projects will be launched to alleviate its chronic power shortage problems, according to government sources.

A provincial official in charge of these projects said that forces are being mobilized to raise funds to construct these power plants and hydroelectric power stations across the province.

In addition, the province has worked out preferential policies to encourage overseas investment in this field.

Overseas-funded enterprises which undertake these projects will enjoy tax reductions.

They may take charge of the construction and management, according to the official.

Jiangsu Governor on Spiritual Civilization

OW0407012194 Nanjing XINHUA RIBAO in Chinese 25 Jun 94 p 1

[“Chen Huanyou Forwards Demand on Strengthening Spiritual Civilization; Asks To Solve Problems by Looking Into Both Their Root Causes and Symptoms and Attain Fruitful Achievements in Material and Spiritual Civilizations”]

[Text] On the eve of a provincial discussion meeting on spiritual civilization, Governor Chen Huanyou, secretary of the Zhejiang provincial party committee, forwarded important opinions on strengthening spiritual civilization, the text of which follows:

It is very good to hold this meeting. Zhangjiagang and Jiangyin cities [the meeting began in Zhangjiagang and ended in Jiangyin] very effectively handle their tasks on strengthening spiritual civilization. We must uphold the strategic principle of simultaneously tackling economic development and socialist spiritual modernization without letting up as it is an important component of the theory of building socialism with Chinese characteristics. If a lot of social problems emerge with economic development, then it will be just as Comrade Xiaoping pointed out: “A world of corruption, theft, and bribery

will result." What significance will economic development bring then? Jiangsu's party committees and governments at all levels attach importance to the simultaneously tackling of economic development and socialist spiritual modernization, which is a job for gaining experience as well as an objective of struggle we strive for.

"Seize the opportunity, deepen reform, widen opening up, promote development, and maintain stability" are the party's overall tasks for this year. Spiritual civilization must be subordinate to and serve this overall task. Spiritual civilization includes development in ideology, morality, science, and culture. Our task should be based on the goal of training qualified new personnel, promoting ideological and moral progress, and upgrading the educational level in urban areas. Generally speaking, we must uphold the task of simultaneously tackling economic development and socialist spiritual modernization, and solve problems by looking into both their root causes and symptoms so as to reap fruitful achievements in material and spiritual civilizations. We must develop the economy as well as promote reform, opening up, and spiritual civilization. A leader's political accomplishments should be judged not only on his capability and efficiency in tackling material civilization but also spiritual civilization. Party committees and governments at all levels must show results in tackling material and spiritual civilizations. In Jiangsu, we must practice diversified economy with collective economy as the mainstay and vigorously promote social productive forces. Developed regions should help other regions become well-off so as to create a favorable environment for the task of simultaneously tackling economic development and socialist spiritual modernization. I hope everyone will exploit and bring into play this edge to upgrade spiritual civilization to a new level.

Jiangsu Balances Land Occupation, Reclamation

OW0407124694 Beijing XINHUA in English 1202
GMT 4 Jul 94

[Text] Nanjing, July 4 (XINHUA)—Jiangsu Province, east China, has balanced land occupation and reclamation in the past five years.

A survey shows that Jiangsu returned 58,600 hectares of land to farm use in 1989-93. Included were 35,000 hectares which had been farmland before.

China's largest economic province, Jiangsu has a large population with reduced cultivated areas. Construction of key state capital projects and industrial enterprises has occupied large stretches of area over the past few years.

To protect the limited land resources and make better use of them, the provincial government has issued a policy that anyone who reclaims land formerly used as farmland will have the right to use it.

Encouraged by the policy, local governments have invested more than 50 million yuan in developing 143 land reclamation projects over the past five years.

Circular Bans 'Luxury' Cars for Leading Zhejiang Cadres

OW0307122794 Hangzhou ZHEJIANG RIBAO in Chinese 25 Jun 94 p 1

[“The Provincial Discipline Inspection Commission and the Provincial Supervision Department Issue a Circular, Requiring Leading Cadres of the Party and the Government To Stop Using Imported Luxury Sedans”]

[Text] The provincial discipline inspection commission and the provincial supervision department recently issued a circular, requiring that leading cadres of the party and the government take the lead to stop using imported luxury sedans while a checkup is being conducted on the vehicles owned by the party and government organizations.

The “circular” stipulated that, effective immediately, all leading cadres of the party and government organizations at and above the levels of townships and towns (including townships and towns) in Zhejiang must stop using imported luxury sedans with an exhaust capacity in excess of 3.0 liters or with a purchase price in excess of 500,000 yuan (including 500,000 yuan) which is calculated on the basis of imports by normal channels, including “Benz,” “Lincoln,” “BMW,” “Lingzhi [0407 1807],” “Cadillac,” and “Rolls Royce.”

The circular required that those leading cadres of the party and the government who are using the imported luxury sedans described above must immediately change to use other available vehicles that comply with the regulation. Regarding various other vehicles that pass the checkup (including small cars for leading cadres to use), the provincial departments responsible for the checkup shall make specific, categorized suggestions on how to use them on the basis of their investigation, in accordance with the higher authorities' relevant regulations, and in light of the actual conditions in Zhejiang.

Shandong Secretary Addresses Veteran Cadres Meeting

SK0307060694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 2 Jul 94

[Text] The provincial party committee held a meeting at Nanjiao Guesthouse in Jinan on 2 July to report the current economic and anticorruption situation to veteran cadres at or above the department and bureau levels. Jiang Chunyun, secretary of the provincial party committee, presided over the meeting and delivered a speech.

Entrusted by the provincial party committee, Li Chunting, deputy secretary of the provincial party committee and vice governor of the province, briefed veteran cadres on the basic situation in the province's reform, opening up, and economic work at present. He said: Since the beginning of this year, party committees at all levels in the province have paid attention to carrying out reform, promoting development, and maintaining stability

under the guidance of Comrade Deng Xiaoping's theory of building a socialism with Chinese characteristics and the guidance of the party's basic line by closely centering on the general task for the work of the entire party, known as seizing the opportunity, deepening reform, opening even wider to the outside world, promoting development, and maintaining stability. As a result, all major reforms have proceeded smoothly, the national economy has maintained the good trend of sustained, sound, and rapid development, a bumper harvest has been reaped in summer grain, the rural economy has developed in an all-round way, industrial production has continued to develop rapidly, economic efficiency has picked up steadily, the development pace of foreign export trade has been accelerated, the foreign funds actually utilized has increased by a large margin, the scale of investment has been put under effective control, the investment structure has been improved further, the urban and rural markets have been brisk and flourishing, sales on markets have been brisk and steady, the people's living standards have continued to improve, and the entire political and economic situation of the province has been good. Li Chunting also dwelt on the problems and difficulties facing the economic operation at present and on the several tasks that should be grasped on a priority basis in the second half of this year.

Tan Fude, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, made a report on the current situation in opposing corruption. He said: Since the beginning of this year, the province has continued to profoundly and sustained launched the anticorruption campaign in line with Shandong's realities and with the arrangements of the central authorities. In this aspect, the work pattern has remained unchanged, and the vigor has not been relaxed. As a result, remarkable results have again been achieved in the anticorruption campaign in the first half of this year based on the achievements scored last year. Meanwhile, leading comrades at all levels have made new progress in maintaining ethical integrity and self-discipline, has made new headway in investigating and handling law and discipline violation cases, and has gradually deepened the correction of unhealthy trends. Tan Fude also dwelt on the shortcomings and problems existing in the province's party building and administrative honesty as well as the measures to be adopted in the next step.

Jiang Chunyun pointed out in his speech: The major reason why the province has maintained the good trend of sound development in building the two civilizations and has achieved new progress in all items of work this year lies in the endeavor of all levels of party organizations in the province in conscientiously implementing the basic line known as one central task and two basic points and in uniting and leading the vast numbers of cadres and masses to work arduously and realistically. At the same time, this achievement is inseparable from the warm concern and great support of veteran comrades, who have gone deep into the grass-roots areas to conduct

investigation and study and thus have offered many valuable investigation reports and suggestions for the policymaking of the provincial party committee and the provincial government and played a positive role in promoting the building of two civilizations throughout the province. The tasks on reform and construction this year are even more arduous, and specially more new circumstances and problems will emerge in this regard. We hope that all levels of veteran comrades will, as always, show even warmer concern and give even greater support to the work of the provincial party committee and the provincial government, will fully exploit their advantages to offer more suggestions, advise, and helps to the provincial party committee and the provincial government, and will play their role in an even better way.

Jiang Chunyun pointed out: Generally viewing, the province's current political and economic situation is good, and gratifying achievements have been scored in all of reform, development, and stability. However, there are still quite a few problems and difficulties in our way of advance. Therefore, we are required to make extremely great efforts to fulfill all of the tasks for this year and to consolidate and develop the excellent political situation. In this aspect, we should keep sober-minded, should not only affirm achievements but also face up to difficulties, should make an analysis of the current situation and summarize experiences in line with the principle of dividing one into two, and should constantly carry forward achievements, reveal contradictions, and advance on the crest of the victory.

Jiang Chunyun also briefed the meeting's participants on his recent tour to Sweden and Germany by leading the Shandong friendship and economic delegation.

Attending the meeting were some 600 veteran cadres of the provincial party committee standing committee and of the departments and bureaus directly under the provincial authorities.

Shanghai Police Drop Libel Suit Against Journalist

HK0407053094 Hong Kong EASTERN EXPRESS in English 4 Jul 94 p 7

[By Bruce Gilley]

[Text] Shanghai police have dropped a libel suit against a local journalist after intervention in the case by city leaders. But far from being a victory for pen over sword in the tightly controlled metropolis, the power of the public security bureau appears to have been bolstered by the case.

Xu Keren of the lively Xinmin Evening News was sued for "harming the reputation" of the Public Security Bureau (PSB) after a series of articles last September which revealed its links with the city's underworld. In one article, which the paper's editors have refused to denounce, Xu reported that one karaoke bar-owner

regularly called on a "senior PSB official" to force patrons to pay exorbitant drinks prices. PSB officers who earned big money on the side as nightclub bouncers and bodyguards were also exposed in other articles written by the paper's features team under Xu's leadership.

Xu's passport was confiscated in February as he tried to board a plane for Japan, where his wife and child live. Police said this was necessary "so he would not spread rumours abroad" about the case. Since then, Shanghai city leaders have been trying to reconcile the two sides in order to avoid a high-profile public trial which threatened to bring the PSB and the city into even greater disrepute.

There have also been rumours—which are difficult to confirm—that China's patriarch, Deng Xiaoping, urged city leaders to protect Xu while spending the lunar new year in the city in February.

As part of a settlement recently worked out, Xu, 47, was transferred "off the front line" from features editor to editor of a bi-monthly magazine on painting. The Xinmin Evening News also promised in future to stay strictly within the Chinese Communist Party's propaganda guidelines when reporting on the PSB. These state all reports on the PSB must be "positive news which affirm its contribution to the stabilisation of society". "This provision is ridiculous. It means we cannot even report on individual cases of underworld-connections or bad eggs in the PSB," one local journalist complained.

Straying from the letter of China's propaganda guidelines is one reason the Xinmin Evening News was one of only nine government-owned newspapers nationwide whose circulation increased last year. In return for the undertakings, court officials promised to delay the case against Xu until the end of a full year, at which point it will be quietly dropped. He has been told his passport could be returned as early as August, in time for a trip to Japan to register his son in primary school there. Xu is understood to be disappointed by the result because it leaves a cloud over his reputation. In preparation for a heated court case, friends had been despatched to neighbouring provinces to find a top lawyer willing to handle the case. Shanghai lawyers had declined to represent him for fear of crossing the local PSB.

Overseas Investment in Shanghai Rises to 'Second Place'

*OW0407133694 Beijing XINHUA in English 1250
GMT 4 Jul 94*

[Text] Shanghai, July 4 (XINHUA)—Overseas investment in Shanghai has risen from sixth to second place for the country's municipalities in the first half of this year.

Sources said that the contracted overseas funds increased by 15.96 percent over the same period of last year.

It is expected that this year the foreign investment will reach 10 billion U.S. dollars.

From January to June, Shanghai has approved 2,044 overseas-funded enterprises with investors from more than 40 countries and regions in the world.

More than 70 of the projects are industrial-oriented ones.

In the New Pudong Development Zone, 506 overseas-funded enterprises were set up in the first six months with overseas investment of 1.57 billion U.S. dollars.

Statistics show that businessmen from Hong Kong, the United States, Japan, Singapore and Taiwan are major investors in Shanghai.

Nation's East Region Building 2d North-South Railway

*OW0507084894 Beijing XINHUA in English 0739
GMT 5 Jul 94*

[Text] Hefei, July 5 (XINHUA)—East China is building a second north-south railway to alleviate transportation tension.

The 838-km railway will run from Shangqiu, Henan Province, to Hangzhou, capital of Zhejiang Province, via Fuyang, Hefei and Wuhu cities in Anhui Province.

It has been listed as a key state capital construction project and is being built at a total cost of two billion yuan.

Construction began in 1988, and a 116-km section from Xuanzhou in Anhui Province to Changxing in Zhejiang Province has already gone into service.

Upon completion, a local official noted, the railway is expected to ease the traffic burdens on the Lianyungang-Lanzhou, Beijing-Shanghai and Shanghai-Hangzhou railways.

Central-South Region

Governor Says Guangdong To Speed Up Modernization

*OW0407023994 Beijing XINHUA in English 0145
GMT 4 Jul 94*

[Text] Guangzhou, July 4 (XINHUA)—Guangdong Province, south China, plans to achieve modernization within 20 years by stepping up reforms and opening wider to the outside world, according to Governor Zhu Senlin.

Guangdong's modernization goal was spelled out during the 14th National Congress of the Chinese Communist Party, held in the fall of 1992.

During an inspection of Guangdong in early 1992, Deng Xiaoping, the chief architect of China's reform and

opening-up, urged Guangdong to overtake the four "little dragons" in Asia—Singapore, the Republic of Korea, Taiwan and Hong Kong—within 20 years.

Governor Zhu said that Guangdong is now more confident of achieving its modernization goal after Chinese President Jiang Zemin recently inspected the province.

Guangdong has become one of the most developed areas in China, with its economy growing at an annual double-digit rate over the past 15 years.

The achievement of modernization within 20 years requires Guangdong's gross domestic product (GDP)—the value of goods and services produced—to grow at an annual rate of at least 12 percent.

During the 1991-93 period Guangdong's GDP rose at an annual rate of 20 percent and is expected to increase by about 16 percent this year.

"I am confident that Guangdong will be able to meet its development targets during the 1990s," Zhu said.

He explained that his confidence is based on that fact that Guangdong has explored the road of market-oriented reforms.

"Guangdong will strive to establish the framework for a socialist market economic structure over the next five years," he said.

To this end, Guangdong is accelerating reforms of its modern enterprise, taxation and financial systems, he said.

To date, 250 enterprises have been chosen to try out the modern enterprise system. Assets of 1,200 businesses are now being evaluated.

He said, "to achieve modernization within 20 years, we are trying to further improve the market, legal and supervision systems. We are also reinforcing the position of the farming sector, infrastructure, science, technology and education as the foundation of the economy."

Guangdong has given top priority to the development of basic industries such as transportation, energy and telecommunications over the past three years, he said.

In 1993 alone, Guangdong added 3.88 million kilowatts to its power generating capacity, roughly 27 percent of the total added in China.

The governor also stressed the importance of agriculture, especially grain production, noting that "only by strengthening the farming sector will it be possible for Guangdong to speed up its modernization drive."

To this end, the provincial government has taken a series of new measures to halt a decrease in grain production and plans to build a number of modern granaries, he said.

Guangdong is readjusting its industrial structure, with the ratio of the service sector to the GDP rising to 60 percent in the year 2010 from 34 percent, he said.

The governor also pledged efforts to achieve even economic growth in various areas. "coastal areas are required to help 30 underdeveloped counties in mountainous areas achieve prosperity," he said.

He expressed the belief that so long as the initiative of 65 million local residents is aroused and the policies of the central government are implemented in line with specific conditions in Guangdong, Guangdong's modernization goal will surely be attained.

Guangdong Secretary Addresses Commendation Rally

HK0407132694 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 1 Jul 94

[Text] The provincial party committee held a solemn rally yesterday afternoon to commend and confer on 100 outstanding Communist Party members the title of "Outstanding Communist Party Member."

The 100 outstanding communist party members from across the province had each made enormous contributions in the province's forefront.

A number of provincial party, government, and military leaders attended the rally, including: Xie Fei, CPC Central Committee Political Bureau member and provincial party committee secretary; Zhu Senlin, provincial party committee deputy secretary and provincial governor; Zhang Guoying and Huang Huahua, provincial party committee deputy secretaries; Wang Zhongchun, Fu Rui, Gao Siren, Wen Yuzhu, and Zhang Gaoli, provincial party committee standing committee members; Zhong Qiquan, provincial vice governor; and others.

Secretary Xie Fei delivered a speech entitled: "Bring Into Full Play the Vanguard and Exemplary Roles of Communist Party Members." He stated: In order to bring into full play the vanguard and exemplary roles of Communist Party members, first, we should profoundly study and comprehend Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, fundamentally enhance our consciousness and firmness in implementing and carrying out the party's basic line, and focus on studying Volume 3 of *Selected Works of Deng Xiaoping*; second, we should integrate lofty socialist and communist ideals with ordinary daily work, work hard, and strive to make extraordinary contributions in ordinary work posts; third, we should remain honest and upright for our whole lives, clearly distinguish between right and wrong, resolutely fight against crime and vice, unswervingly struggle against corruption within the party and social evils; and fourth, we should constantly place the interests of the broad masses of people above everything else, bravely come out to help

people in dire peril, and wholeheartedly work for the interests of the broad masses of people.

Guangdong Secretary Commends Outstanding CPC Members

HK0407112394 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 30 Jun 94

[Text] This afternoon, the Guangdong Provincial CPC Committee held a solemn meeting to commend the first group of Communist Party members who have made outstanding contributions. One hundred Communist Party members from all trades and professions in the province had conferred on them the title of Communist Party Member With Outstanding Contributions of the First Group. Xie Fei, member of the Political Bureau of the CPC Central Committee and secretary of the provincial party committee; Governor Zhu Senlin, deputy secretary of the provincial party committee; Deputy Secretaries Zhang Guoying and Huang Huahua; Wang Zongchun, Fu Rui, Gao Siren, Wen Yuzhu, and Zhang Gaoli, members of the standing committee of the provincial party committee; and Vice Governor (Zheng Qiquan) attended the meeting.

Provincial party committee Secretary Xie Fei made a speech entitled: Bring the Vanguard and Exemplary Role of Communist Party Members Into Full Play. He said: For Communist Party members to bring their vanguard and exemplary role into play, they first should penetratively study and understand the theory of building socialism with Chinese characteristics and should enhance, once and for all, their willingness and steadfastness to implement the party's basic line, with the stress on studying Volume 3 of *Selected Works of Deng Xiaoping*. Second, while fostering lofty socialist and communist ideals, they should do their own jobs well and achieve extraordinary successes at ordinary posts. Third, Communist Party members should stand up for what is right, be clear about what is right and what is wrong, hate evil like an enemy, and make unremitting efforts to firmly struggle against corrupt practices within the party and ugly phenomena in society. Fourth, Communist Party members should put the interests of the masses of people in the first place, and when the masses of people are confronted with difficulties, Communist Party members should step forward bravely and meet the difficulties head-on so as to display the true qualities of the Communists who work for the interests of the people wholeheartedly.

Guangdong Insurance Plan To Help 'Redundant' Workers

HK0407052994 Hong Kong SOUTH CHINA MORNING POST in English 4 Jul 94 p 7

[By Chan Wai-Fong]

[Text] Guangdong is to overhaul its unemployment insurance scheme to help workers made redundant by cumbersome state firms, a government official said

yesterday. Under the new scheme, expected to be ready later this year, recipients will get more "realistic" assistance and workers' contributions will increase, said Long Huisi, acting bureau chief of Guangdong's Social Insurance Bureau.

Now in Hong Kong for a social insurance meeting Mr Long said that the provincial Government was under tremendous pressure to provide a safety net for the anticipated large number of unemployed as China moved from a cradle-to-grave socialist economy to a market-oriented one. "State enterprise reform cannot proceed due to the lack of an appropriate [unemployment insurance] system," he said. An overhaul of the already outmoded scheme was urgently needed, Mr Long said.

Effective since 1986, the existing unemployment scheme provides at least two years of protection to laid-off state workers. Under the present scheme, which covers 4,178,000 of the province's total urban workforce of 8.58 million, laid-off workers receive 75 per cent of their basic monthly salary of about 100 yuan (HK\$89) to 200 yuan for the first year, and 50 per cent in the second. "Their basic salary is only about 30 to 40 per cent of what they really get every month. This method of calculation is just not realistic," he said.

Very few people have actually applied because Chinese workers have no tradition of living on unemployment assistance and would lose face, Mr Long said. He stressed that the low number of applicants did not reflect reality. "It does not represent the number of people who really need assistance. Hidden unemployment [in state enterprises] is not properly reflected," he said.

Jiang Yun, vice-bureau chief of Guangzhou's Labour Bureau, said the municipality's unemployment would increase by 35 to 40 per cent in the next few years as more state enterprises laid off their superfluous staff.

Governor: Guangdong To Facilitate Hong Kong's Prosperity

OW0207134594 Beijing XINHUA in English 1328 GMT 2 Jul 94

[Text] Guangzhou, July 2 (XINHUA)—Guangdong Province will try to contribute more to the prosperity and stability in Hong Kong, according to Provincial Governor Zhu Senlin.

"Guangdong will speed up its modernization. The faster economic and social development Guangdong achieves, the greater contributions it will be able to make to the prosperity and stability in Hong Kong and Macao," he said.

He said that Guangdong is striving to modernize itself within 20 years, during which it will make increasing use of its geographical condition of proximity to Hong Kong and Macao in order to bring each other's advantages into full play and achieve common prosperity.

Over the past 15 years, Guangdong has introduced 33 billion U.S. dollars in investment from Hong Kong, Macao and overseas, with some 80 percent flowing in from Hong Kong.

It has also exported 120 billion dollars worth of goods, some 80 percent of which have been shipped out via Hong Kong.

Governor Zhu expressed the belief that Guangdong-Hong Kong economic relations will become increasingly closer.

"Guangdong will continue to expand cooperation with Hong Kong in economic affairs and trade, as well as in science, technology, culture, education and public security," he said.

The provincial government has announced the goal to establish a market economic structure over the next five years. The establishment of the new structure is expected to enable Guangdong to gear up its economy with the economy of the world as a whole and to step up its economic cooperation with Hong Kong.

Exports from Guangdong are projected to rise at an average annual rate of 14.6 percent to reach 240 billion U.S. dollars in 2010.

Zhu Senlin said that as a free port, Hong Kong can expand cooperation with Guangdong in broadening the global market.

He pledged that Guangdong would promote the growth of its financial sector by giving full scope to Hong Kong's position as an international financial center.

"On the one hand, we should encourage more foreign banks to open branches in Guangdong via Hong Kong. On the other hand, we should permit a number of eligible enterprises to be listed on the Hong Kong stock exchange," he said.

The governor said that Hong Kong-based enterprises established by Guangdong should cooperate with financial institutions in Hong Kong in raising money for Guangdong's economic construction and in providing assistance to enterprises launched by Guangdong in other countries.

The provincial government has decided to encourage more international consortiums to invest in Guangdong. "I think that will enable Hong Kong to play the role of a window and a bridge in that regard," he said.

Since the 1980s Hong Kong companies have launched about 25,000 businesses in Guangdong, employing a total of three million people—five times the workforce of the manufacturing industry in Hong Kong.

Zhu said that Guangdong will continue to promote cooperation with Hong Kong in that area. "This kind of

cooperation has made tremendous contributions to economic growth in both Guangdong and Hong Kong," he noted.

The governor expressed the belief that with Guangdong's economic expansion and growing Guangdong-Hong Kong cooperation in trade and finance, Hong Kong's service sector, including tourism, transportation and retail industries, will be thriving.

"The stability and prosperity in Hong Kong meet the interests of not only Hong Kong, but also the mainland. The fundamental interests of Hong Kong and the mainland coincide," he said.

Floods Cost Guangxi 14.7 Billion Yuan in Losses

HK0407125294 Beijing ZHONGGUO XINWEN SHE
in Chinese 0751 GMT 2 Jul 94

[By reporter Li Zhaohui (2621-2600 2547)]

[Text] Nanning, 29 Jun (ZHONGGUO XINWEN SHE)—On the afternoon of 27 June, Liu Mingzu, deputy secretary of the Guangxi Autonomous Regional CPC Committee and chairman of the regional people's congress, said with some anxiety: The catastrophic floods since 12 June have left over 1 million people homeless. With most of them still living in the wilderness on hillsides, they urgently need help from the entire society.

Liu disclosed: According to incomplete statistics, up to 26 June, the catastrophic floods had caused direct economic losses to Guangxi of 14.7 billion yuan, equivalent to the yearly industrial output value of Liuzhou, an important industrial city in Guangxi. Over 200,000 houses have collapsed in the disaster areas. Many of the basic facilities, which had been built up over the years, have been destroyed. This makes the post-flood rehabilitation and rebuilding work extremely difficult.

Liu said: Governments at all levels in Guangxi have been mobilized urgently to help the disaster areas to restore production and rebuild their homelands. According to statistics, up to 25 June, over 560,000 pieces of clothing and other articles of daily use, as well as 30 million yuan in donations, had been collected from all parts of Guangxi. The flood conditions in Guangxi have also aroused the concern of people from abroad, who have remitted a stream of donated money to Guangxi.

Liu said: The primary task in Guangxi's disaster relief work now is to solve the problem of providing food, clothing, and housing, and preventing and treating diseases for the over 1 million displaced victims.

Hainan Secretary Addresses Commendation Meeting

HK0407142694 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 29 Jun 94

[Text] The Hainan Provincial Meeting to Commend Advanced Grass-Roots Party Organizations and Pacesetting Rural Party Branch Secretaries was held at the

auditorium of the Provincial CPC Committee on the morning of 29 June. Attending the meeting were provincial leaders [Secretary and Governor] Ruan Chongwu, Du Qinglin, Chen Yuyi, Xiao Xuchu, Wang Houhong, Dong Fanyuan, Liu Xuebin, Cai Changsong, Pan Qiongxiong, Wei Zefang, Mao Zhijun, Hu Kai, Li Mingtian, Lin Hongzao, Chen Hong, and Lin Minyu, old comrades Cao Wenhua, Zheng Zhang, Wang Dongdao, and Zhang Jintao, and representatives of party organizations and party members from various localities and fronts.

At the meeting, Du Qinglin, deputy secretary of the Provincial CPC Committee and chairman of the Provincial People's Congress Standing Committee, read out a decision by the Hainan Provincial CPC Committee on commending advanced grass-roots party organizations and pacesetting rural party branch secretaries. One hundred advanced grass-roots party organizations and 30 pacesetting rural party branch secretaries were commended.

The decision points out: These advanced grass-roots party organizations and pacesetting rural party branch secretaries are typical examples of over 20,000 grass-roots party organizations and nearly 3,000 rural party branch secretaries in our province. Party organizations at all levels and all party members in our province should earnestly learn from them and follow their examples.

Provincial leaders attending the meeting presented awards to the commended advanced grass-roots party organizations and pacesetting rural party branch secretaries.

Ruan Chongwu, secretary of the provincial party committee and concurrently governor of the provincial government, spoke at the commendation meeting. He said: Hainan's party organizations have glorious revolutionary traditions. They have made outstanding contributions to the cause of liberating the motherland in times of war and have made outstanding contributions to the promotion of socialist construction. Recently, during his tour of Guangdong, General Secretary Jiang Zemin made an important speech calling on special economic zones to compete with each other to increase their strong points and to make further progress. Therefore, party organizations at all levels should, in accordance with the demands of the new situation, do a good job in improving themselves, stand up to new tests in the course of pushing forward the reform, opening up, and modernization of the special economic region, and make new achievements. The broad masses of party members should study hard, update their concepts, increase their ability, use new theories and new concepts as guidance, explore boldly, and carry out reforms courageously. They should make greater efforts in carrying out reform, constantly put forward new measures for reform, and further strengthen Hainan Special Economic Region's strong points to attract foreign investment and to speed up the pace of construction. They should, in connection

with the anticorruption campaign, further improve the party's work style and honestly perform their official duties.

He stressed: Leadership at all levels should put the anticorruption campaign on top of the agenda and should continue to effectively carry it out in a thorough and sustained manner. They should carry forward the truth-seeking and realistic work style, go deep into grass-roots units and among the masses to conduct investigation and studies, and do solid work for the masses. The broad masses of rural party members and grass-roots party organizations should play an exemplary and vanguard role in the rural market economy, take the lead in achieving prosperity through hard work and through making use of science and technology, and make new contributions to the building of the material and spiritual civilizations in rural areas.

Hainan Provincial Meeting on Taiwan Affairs Ends

*HK0407142594 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 29 Jun 94*

[Text] The two-day Second Hainan Provincial Meeting on Work Related to Taiwan ended on the morning of 29 June. This is another very important meeting since the first provincial meeting on work related to Taiwan in 1992. Those who attended the meeting seriously listened to a relayed report on the spirit of the meeting on economic work related to Taiwan held by the State Council, discussed relevant documents on work related to Taiwan, and focused their attention on the examination of issues of how to compete with each other to increase the strong points of the special economic region and do a good job in economic work related to Taiwan in the new situation.

Wang Xueping, member of the Hainan Provincial CPC Committee Standing Committee and concurrently vice governor of the Hainan Provincial Government, made a concluding report. He said: We must energetically carry out economic work related to Taiwan, make great efforts to introduce capital from Taiwan, and raise Hainan's economic work related to Taiwan to a new level. The introduction of capital from Taiwan is focused on agriculture, the processing of agricultural produce, the construction of infrastructure, industries using new and high technology, projects for the production of export products, and the tertiary industry. The starting point should be high and it should enable the economic construction of our province to develop by leaps and bounds.

Wang Xueping pointed out: Whether or not the investment environment as a whole is favorable is the most important factor in attracting capital from Taiwan. In carrying out large projects and building large enterprises in particular, we should all the more pay attention to ensuring sound laws and regulations on market, rules for competition on an equal basis, and efficient and clean government behavior.

He stressed: We must do a good job in providing services for existing Taiwan-funded enterprises and energetically solve problems for them. We must earnestly publicize and implement the "Law on Protection for Investment Made by Taiwan Compatriots" and attach importance to protecting the legitimate rights and interests of Taiwan businessmen. Departments concerned should pay special attention to handling complaints made by Taiwan businessmen and to properly handling disputes occurring in Taiwan-funded enterprises. We must resolutely crack down on criminals who harm the lives and property of Taiwan compatriots and ensure the safety of Taiwan investors.

Wang Houhong, member and concurrently secretary general of the Hainan Provincial CPC Committee Standing Committee, presided over the meeting. Also attending the meeting were Du Qinglin, deputy secretary of the Hainan Provincial CPC Committee and chairman of the Hainan Provincial People's Congress Standing Committee, Mao Zhijun, vice governor of the Hainan Provincial Government, and Chen Hong, vice chairman of the Hainan Provincial Committee of the Chinese People's Political Consultative Conference.

Sanya International Airport Opens in Hainan Province

OW0107144294 Beijing XINHUA in English 1431
GMT 1 Jul 94

[Text] Haikou, July 1 (XINHUA)—The newly-constructed Sanya Phoenix International Airport in Sanya city, Hainan Province, was put into service today.

An Air China Boeing-747-400 took off for Beijing at 10 A.M. this morning, inaugurating the regular services from the 1.4 billion yuan new airport, which took four years to build. An opening ceremony was attended by State Councillor Ismail Amat and local government leaders.

The airport passed an official testing yesterday, conducted by a committee jointly set up by the Civil Aviation Administration of China (CAAC) and the Hainan Provincial Government. The examination and tests in the past three months showed that the 80 projects involved in building the airport had met the designed standards.

The 4.9 sq km Sanya Phoenix International Airport is 11.4 kilometers from Sanya city. It has a 3,400-meter runway.

The airport is to be managed by the Sanya International Airport Co. Ltd. Chen Jianwei, president of the company, said that the airport will have 19 routes in the next few months. Its annual passenger-handling capacity will be 1.5 million. It will open an international route next year, he said.

The total investment in the first phase of the airport was 1.4 billion yuan, including 220 million francs of mixed

loans from the French Government and 7.2 million U.S. dollars of loans from the United States.

Commentary on Role, Functions of Hainan SEZ

HK0407063594 Haikou HAINAN RIBAO in Chinese 24 Jun 94 p 1

[Commentator's Article: "Special Economic Zones Must Maintain Their 'Specialness'"]

[Text] Yesterday this newspaper published on the front page important instructions on the problem of economic development in special economic zones issued by General Secretary Jiang Zemin when he was making an inspection tour in Guangdong. These instructions have greatly encouraged personages in various circles in our large special economic zone. Since its establishment, central leaders, especially Comrades Jiang Zemin, Li Peng and others, have repeatedly announced that those preferential policies formulated by the central authorities for Hainan will remain unchanged. They have repeatedly affirmed the brilliant achievements made by Hainan Special Economic Zone [SEZ] in its development and construction. This shows that under the leadership of the provincial CPC Committee and government, as long as we persist in implementing Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and as long as we persist in emancipating our minds, seeking truth from facts, and overcoming difficulties, we can definitely run the Hainan SEZ in a still better way.

Since reform and opening up in our country, special economic zones have served well as important "windows," and played an important "experimental" role. However, some people maintain that with the emergence of a new situation of all-round opening up in the whole country, the status and role of special economic zones can be weakened or can even disappear. This is a wrong view. With the deepening of reform, expansion of opening up, and development of modernization, special economic zones are also developing incessantly, blazing new trails continuously, and giving play to their new role and strong points constantly. Even though certain former policies and measures implemented in the special economic zones have changed, our special economic zones must still maintain their "special" status and role.

While making an inspection tour in Guangdong, Comrade Jiang Zemin expressed his important five-point opinions on further development of the special economic zones. He called on us to develop new characteristics of the special economic zones through increasing, creating, and giving play to their new strong points. Comrade Jiang Zemin especially made the following remarks: "Special economic zones must maintain their 'specialness.'"

Where should Hainan's "new strong points" and "new characteristics" be reflected? It is known to all that the Hainan SEZ has taken the lead in implementing a structural system of "small government and big society."

in reforming the socialist market economic system and social insurance system, in implementing a system of "issuing visas upon landing" to personages from abroad, in pursuing a direct registration system for enterprise legal persons, and in using shareholding systems to carry out large-scale infrastructure projects. In the meantime, the Hainan SEZ has also enjoyed local legislative power. Compared with inland area and other special economic zones, these are new strong points and characteristics gradually added and created by Hainan over the past six years since the establishment of our special economic zone. While fully and flexibly implementing preferential policies provided by the central authorities, we must speed up the changeover of operational mechanisms of state-owned enterprises, establish a modern enterprise system, and accelerate cultivation and development of a market system with emphasis on developing various kinds of key market factors and intermediary organizations. We must speed up the changeover of government functions, and enhance work efficiency. We must speed up establishment of an income distribution system which puts emphasis on distribution according to work, gives priority to efficiency, and ensures fair incomes as well. We must speed up establishment and improvement of our social insurance system. We must speed up the pace of participating in international economic cooperation and forming a necessary link with the international economy.

Giving play to the strong points of preferential policies is one of the main factors contributing to rapid development of our special economic zone over the past six years. At present, an important task facing CPC committees and governments at all levels throughout the province is that they must seize on the favorable opportunity, fully exploit the strong points of preferential policies provided by the central authorities to Hainan, and speed up their own development. Various government departments which implement and control the policies must do more to improve their work and ideological style. They must be clean and honest, and handle matters and implement policies impartially. They must insist that everyone is equal before preferential policies. They must fully make use of and flexibly implement preferential policies to provide the best service to enterprises and overseas investors in terms of policies to attract more investments and carry out more projects.

Party and government leaders at all levels throughout the province, civil servants, investors, developers and contractors must have a high level of sense of urgency to speed up the establishment and improvement of a socialist market economic system, give play to the role of the system of "small government and big society," increase and create new strong points, and scale new heights. At present, we must particularly seize on the opportunity and do our utmost to give play to the "magnetic role" of each and every preferential policy, promote infrastructure projects in the special economic zone, make sure of each and every important project, enhance economic strength of the whole province,

increase the power of each and every enterprise, and create a better tomorrow for the Hainan SEZ.

Henan Secretary Addresses Economic Work Meeting

HK0407072894 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 25 Jun 94

[Text] The provincial economic work meeting concluded in Zhengzhou yesterday [25 June]. Provincial party and government leaders Li Changchun [provincial party secretary], Ma Zhongchen [governor], Ren Keli, Zheng Zengmao, Song Guochen, Mao Xianzhang, Zhong Lisheng, Zhang Shiyi, Zhang Honghua, Yu Jiahua, and Zhu Shuquan attended the meeting, which was presided over by Ma Zhongchen. Provincial Party Committee Standing Committee member Li Changchun delivered an important speech at the meeting.

In his speech, Li Changchun urged state-owned enterprises to make up deficits and increase surpluses as the focus of the economic work for the second half of 1994 and complete it in real earnest. The most urgent thing to do at present is to [words indistinct]. The provincial party committee urged doing two things simultaneously. On the one hand, we should rely on enterprises which have relatively good efficiency in shouldering the heavy task to stabilize the situation and, on the other hand, we should help money-losing enterprises turn losses into profits. Since money-losing enterprises involve a wide range of issues, we should mobilize forces from all sides concerned to help them make up for losses and increase surpluses as quickly as possible.

After expounding on the current losses suffered by state-owned enterprises in the province, Li Changchun pointed out: Doing a good job of with money-losing state-owned enterprises to make up for losses and increase surpluses is a serious political task and a guarantee necessary for the realization of the province's one-high, one-low strategic goal. Only when we do a good job here can we solve the province's current financial difficulties once and for all, further consolidate and develop the province's [words indistinct], further boost the confidence of the broad masses of cadres and people in reform, and mobilize their enthusiasm for reform and development. He said: We should neither panic over or treat the existing problems lightly. Party committees and governments at all levels should start with further deepening reform, pay close attention to key links, encourage enterprises to get involved in the market, and strive for speedy practical results in this regard. On no account should we take the old track of reductions in taxation and concessions in revenue. The provincial party committee and government urges the unfolding of a province-wide vigorous mass campaign to transform operational mechanisms, improve management, and strive for greater internal development, intensify property rights reform, harmonize property rights relationships, probe various modes of production and operation, intensify reform mechanisms in selecting enterprise operators,

introduce competition, risk-taking, and appropriate [words indistinct] mechanisms, firmly discard the old seniority-based promotion conception, and refrain from sticking to one pattern in selecting qualified personnel. Decisionmaking power should be delegated to enterprises, centering on implementing regulations and changing the way the government operates. Discipline inspection and supervision departments at all levels should make greater efforts to handle cases of infringement on enterprise decisionmaking power. We should continue to deepen reform of the three enterprise systems. Particularly, money-losing enterprises should foster the idea of the market, have a greater sense of opening up to the outside world, operate in an industrial way, strengthen management, and improve their own capability to strengthen management by relying on science and technology.

Li Changchun said: Improving the economic efficiency of state-owned enterprises at present is the foundation for solving all social contradictions. Party committees and governments at all levels should do solid work, introduce a responsibility system in the bid to make up for deficits and increase surpluses, with the stress on practical results, and keep the number of money-losing enterprises and the size of their losses at the levels scored at the beginning of the year. He also stressed: We should combine the work for money-losing enterprises to make up for deficits and increase surpluses with the development of a new economic pattern, and accelerate development of foreign-funded enterprises, collective enterprises in cities and towns, township and town enterprises, and individual and private enterprises so they will play a greater role in the province's economic work and help energize the economy.

S&T Plays 'Greater Role' in Hunan Growth

OW0307142594 Beijing XINHUA in English 1412
GMT 3 Jul 94

[Text] Changsha, July 3 (XINHUA)—Science and technology have been playing a greater role in economic growth in central China's Hunan Province.

Newly released figures show that science and technology development now accounts for 30 percent of the province's industry growth, and 50 percent of the agricultural growth.

The figures also show that about 80 percent of the latest development in laboratories of the province's research institutions have been applied to production, thanks to the painstaking promotion efforts over the years.

The figures put Hunan in the leading position among Chinese provinces in promoting science and technology progress.

More and more researchers in the province are now promoting their findings and innovations through new-technology shows, trade fairs, news releases and permanent technology markets. Some 920 million yuan-worth of technical service contracts were signed last year.

Enterprises are spending more money on technical development, and an increasing number of them have established their own laboratories, official sources said.

In the rural areas a wide network of new-technology promotion services has been formed, employing about 20,000 agricultural technicians.

The spread of ten major new farming technologies concerning hybrid rice, edible fungi, pig raising and others has brought benefits worth millions of yuan to local farmers, the sources said.

Hubei Agricultural Work Conference Concludes

HK0407065994 Wuhan Hubei People's Radio Network
in Mandarin 1000 GMT 24 Jun 94

[Text] A provincial agricultural work conference convened by prefectoral, city, and autonomous prefectural party committee leaders with special responsibility for agriculture concluded in Wuhan on 23 June.

The conference called for implementing to the letter each and every agricultural policy, working in a down-to-earth manner, and safeguarding and developing the province's excellent rural and agricultural situation at the moment.

The provincial party committee and people's government have shown great concern for the conference. Guan Guangfu [party secretary], Qian Yunlu, Li Daqiang, as well as other provincial leaders expressed views on all major issues discussed at the conference.

Jia Zhijie, provincial party committee deputy secretary and governor, attended and delivered a speech at the conference at which Hui Liangyu, provincial party committee deputy secretary, also made a keynote report.

Wang Shengtie, provincial party committee standing committee member and provincial vice governor, presided over and delivered a speech at the conference.

Also attending the conference were persons in charge of the concerned provincial departments.

In his speech, Governor Jia Zhijie comprehensively analyzed the province's economic situation at the moment, saying: By and large, the province's economic operation has remained sound to date. This year, we have reaped a good summer grain harvest and a good oil seed harvest, witnessed new breakthroughs in diversified, township and town enterprise, and private and individual economic development, and enjoyed comprehensive and robust rural economic growth with the result that in the first five months of this year, Hubei's industrial growth rate surpassed the country's average and light industrial output value outstripped that of heavy

industry. However, some enterprises in the province have not yet extricated themselves from predicaments caused by problems like lack of funds and markets and so on. At the moment, the state can only provide limited financial assistance to these enterprises. Under such circumstances, we should, Jia noted, make continued efforts to improve work styles, work in a down-to-earth manner, resolve problems one by one, and implement the province's economic development plan step by step to successfully accomplish this year's tasks.

In summing up the conference, Hui Liangyu stated: Since last winter and spring, the whole province has conscientiously implemented the spirit of a recent central rural work conference and of a recent provincial rural work conference held by the provincial party committee, implemented to the letter all the central and provincial agricultural and rural policies, rapidly developed agricultural production and the rural economy, and opened up promising new vistas for agricultural and rural work. Having reaped a good summer grain harvest and a good oil seed harvest, increased grain and cotton growing areas, and accelerated diversified, township and town enterprise, and private and individual economic development this year, we have basically built a sound rural economic mechanism with the result that the province has begun embarking on comprehensive, professional, and unified agricultural development, industrializing and commercializing the rural economy, quickening the pace of rural urbanization, promoting market-oriented agricultural as well as market economic development, more expeditiously developing the collective economy, and building more new economic entities. These latest developments have shown that thanks to the first-stage takeoff marked by household-based contracted operation and two-tiered rural operation, the province's rural areas are now effecting the second-stage takeoff in accordance with socialist market economic principles, this being conducive to the province's agricultural and rural modernization process.

Hui Liangyu stated: The better the situation is, the more sober-minded we should be. We should face up to new problems, test theories in practice, and tackle contradictions and problems in their embryonic stages. The faster the province's agriculture develops, the greater efforts we should make to protect agricultural productive forces and enhance reserve strength of agricultural development. The more enthusiasm the peasants demonstrate, the greater efforts we should make to protect and mobilize their enthusiasm. The more difficulties we encounter, the greater efforts we should make to strengthen confidence, explore better ways of overcoming difficulties, bravely forge ahead, find a better way out through deep-going reforms, tackle contradictions through continued development, and strive to open up new vistas for agricultural and rural development by tiding over each and every difficulty.

Hui Liangyu noted: As they have closely linked the state policies with their own destinies, peasants are naturally concerned with the state agricultural and rural policies.

The latest round of rural policies examination conducted across the province shows that the province's concerned departments and areas have already done a lot of fruitful work in implementing the party's agricultural and rural policies. Nonetheless, these concerned departments and areas have failed to implement the party's agricultural and rural policies in a balanced way with the result that certain problems have yet to be resolved now. Thus we should pay more attention to and make earnest efforts to tackle these problems.

Hui Liangyu stated: At present, the state is stepping up macroeconomic regulation and control across the country, this being an important step intended to push ahead with overall reform and development and maintain overall stability. Thus we should conscientiously implement, resolutely carry out, concretize, and make full, flexible, and best use of all relevant state policies. Besides, we should make every possible endeavor to implement to the letter all relevant state policies and state regulation and control measures with a view to bringing about more dynamic economic growth. At the moment, we should focus on implementing the following state policies:

1. State farm products purchase policies. When purchasing farm products, we should try in every way to safeguard social order in the rural areas by purchasing more grain from the market. We should purchase rapeseed from the market or at the market prices and completely fulfill the state rapeseed purchase quota. As practice has borne out that decontrol of prices of certain farm products can yield desired results, we should make continued and persistent efforts in this regard. We should see to it that no more IOUs are issued to peasants. To fulfill the state farm products purchase quota, we should fully utilize both principal and supplementary purchase channels, invigorate the farm products market, and improve market management.

2. State policies of lightening peasant burdens. We should energetically publicize and implement "The Hubei Provincial Regulations on Managing Peasant Burdens" adopted by the provincial people's congress standing committee by controlling, supervising, and approving in accordance with the law all proposals relating to peasant burdens. We should also try to sort out and clarify all official documents regarding peasant burdens as well as strengthen supervision and management in accordance with the law.

3. State agricultural production means production and purchase policies. We should make redoubled efforts to support agricultural production, increase agricultural input, and carry out contracted land operation in accordance with the relevant state rules and regulations.

Speaking of the province's agricultural and rural work in the second half of the year, Hui Liangyu maintained: Agricultural and rural work should be conducive to developing the rural economy, increasing agricultural production, and reaping a good agricultural harvest. To

this end, we should conscientiously implement to the letter all state policies, protect and mobilize enthusiasm among peasants, further strengthen and improve party leadership, carry forward the spirit of vigorously opening up new vistas, forging ahead, seeking truth, and practicing pragmatism, boldly and successfully seek truth from facts while accurately implementing the state macroeconomic policies, work in a creative manner, carry out more investigations and study, constantly analyze new problems, properly handle all types of relations, raise rural work standard, give full scope to roles played by work teams sent to help rural areas achieve a comparatively well-off livelihood, attach great importance to and energetically build grassroots rural organizations, more energetically build spiritual civilization in rural areas, make a success of comprehensive social order management in rural areas, and work more arduously in July, August, and September to overcome natural calamities and reap a good agricultural harvest this year.

Shenzhen: 'Big Increase' in Major Economic Indices

*OW0207134494 Beijing XINHUA in English 1332
GMT 2 Jul 94*

[Text] Shenzhen, July 2 (XINHUA)—The Shenzhen Special Economic Zone in Guangdong Province has scored a big increase in major economic indices, including industrial output value, revenues and taxes.

A press spokesman for the city government said that industrial output in Shenzhen was worth 21.88 billion yuan in the first five months of 1994, up nearly 39 percent over the same period in 1993.

Flexible policies are being pursued in Shenzhen to attract more investors from Hong Kong, Macao, Taiwan and overseas.

"Power shortages have been eased greatly as electricity production shot up by 600 percent to 6.65 billion kWh during the January-May period this year," he said.

During that period retail sales in Shenzhen climbed by roughly 43 percent to eight billion yuan, the spokesman said.

The city's revenues shot up nearly 83 percent during that period to 2.57 billion yuan and its tax revenues jumped 66 percent to two billion yuan, he said.

"Shenzhen's financial sector is operating smoothly," he said.

Bank savings deposits totaled 73.2 billion yuan at the end of May 1994, 15 percent more than at the beginning of the year. Loans extended reached 54 billion yuan at the end of May, a 12 percent increase over the beginning of the year.

The spokesman also announced the city's major economic targets for 1994:

- Gross domestic product (the value of goods and services produced) will rise 24.5 percent over 1993;
- Industrial output value will climb 23 percent to 60 billion yuan;
- Agricultural production value will increase 4.5 percent;
- Investments in fixed assets will rise ten percent;
- Retail sales will jump nearly 20 percent;
- Revenue will rise ten percent; and
- Exports will increase 3.3 percent.

"I am sure that all these targets will be met," he said.

Economic Growth of Shenzhen Enhances Inland Areas

*OW0307142494 Beijing XINHUA in English 1405
GMT 3 Jul 94*

[Text] Shenzhen, July 3 (XINHUA)—The economic vigor [as received] of Shenzhen City, which grew strong by taking in inland labor and capital, is radiating back to inland areas, according to Yang Chuangeng, director of the city's economic co-operation office.

During the past dozen years as China's first special economic zone, Shenzhen took in five billion yuan (about \$74.7 million U.S. dollars) from inland investors for the establishment of more than 7,100 cooperative firms.

The value of industrial output and exports of such firms now account for one-third of the city's total.

The ventures were set up as the state's preferential economic policies turned out to be very appealing to entrepreneurs in other parts of China, Yang said.

These co-operative ventures in turn greatly helped improve the city's infrastructure investment facilities.

On the other hand, entrepreneurs in Shenzhen founded more than 500 co-operative projects in other parts of China, with a total investment of some five billion yuan.

The projects cover industry, commerce, tourism, finance, real estate and service trades.

The director pointed out that many inland partners regard Shenzhen as a window through which to get a better view of the world economy and trade, especially advanced foreign technology and management.

At the same time, along with pioneering reforms in its financial and shareholding systems, Shenzhen has become one of China's leading financial centers, and inland funds are pouring in all the time.

In the future, according to Mayor Li Youwei, Shenzhen will make more efforts to strengthen ties with inland areas to establish raw material bases along with the city's readjustment of its industrial setup.

Southwest Region

Chongqing-Lhasa Air Service Inaugurated

0810107195 794 Beijing XINHUA in English 1519
GMT 7 Jul 94

[Text] Lhasa, July 1 (XINHUA)—A Boeing 757 passenger plane of China's Southwest Airlines landed here today from Chongqing, in Sichuan Province, inaugurating Lhasa's second regular air link with other parts of the country.

There will be flights to Lhasa from Chongqing every Tuesday and Friday.

A regular air service between the capital of the Tibet Autonomous Region and Chengdu, capital of Sichuan Province, was started in 1965.

In the past 29 years, the airline has carried nearly 2.4 million passengers on that route, with 21,000 flights and more than 70,000 tons of cargo.

Lhasa by now has regular air links with a dozen other Chinese and overseas cities, including Beijing and Kathmandu.

Guizhou Governor Calls for Better Land Use Efforts

0810107195 794 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 25 Jun 94

[Excerpts] Yesterday [25 June] was the fourth National Land Day. Provincial Governor Chen Shineng made a radio speech on vigorously promoting reform in land use system, and cultivating and improving real estate markets in our province. The following is his recorded speech. He said:

[Begin Chen recording] Comrades, today, 25 June, is our fourth National Land Day. On this occasion, on behalf of the provincial CPC Committee and government, I extend my holiday greetings, and cordial regards to all comrades who work on the land management front in our province, and in all units, departments, and personages in all walks of life who always show concern for, attach importance to, help, and support land management work in our province.

Land is a material base for construction, trade, and economic development. [passage indistinct] Thanks to the leadership and care of the CPC committees and governments at all levels, and the great support of various quarters, our land management departments have taken active measures to explore the way forward. They have scored gratifying achievements in recent years. They have conscientiously fulfilled various tasks in our land management work. Here, I would like to praise and commend them. However, we should also understand that the situation of land management in our province is still facing a very grave situation. In spite of the fact that cultivated land is in serious shortage in our

province, there has still been enormous waste of land resources. The practice of illegally occupying and using land has not been stopped although bans have been repeatedly imposed. In addition, illegal land transactions frequently have been conducted. We have lost enormous land assets. Governments and land management departments at all levels must take this matter seriously.

Reform in the land use system is the key to pushing our province's land management work to develop in a positive direction. Only by vigorously promoting reform in land use, establishing and improving a compensated land use system, and developing a standardized land market can we solve contradictions and problems arising in land management and land use in our province. Only thus can we truly make use of the economic value of land, straighten out equity relationships of land, and improve our social distribution system.

The year 1994 is a very important year for our reform and development. It is also a crucial year for the reform of our land use system. To further strengthen land management work to meet the demands of the socialist market economic system and development, the provincial CPC committee and government call on all levels and departments to further understand provincial, prefectoral, and county conditions, strengthen their sense of optimizing land, and build up their concept of protecting and rationally using land. They must carry out unified management of land in both urban and rural areas. They must value land resources and establish land markets. In accordance with the principle of strengthening macroscopic regulation and control, they must conscientiously protect cultivated land, and rationally use each and every inch of land so that our limited land can produce still greater economic results.

Governments at all levels must strengthen their leadership over land management and treat the establishment, cultivation, and development of local markets as a focal point in land management work. It is necessary to gradually increase the weight of land reform to handle the selling and flow of land use rights in accordance with market characteristics. [passage omitted]

Governments at all levels must vigorously support land management work and help land management departments solve problems and difficulties. They must strengthen land management organs and develop contingents of cadres responsible for land management. They must seriously solve problems which are related to planning and means, so that land management work in our province can advance along the path of legalization, science, and standardization. Comrades working in land management departments must conscientiously study the spirit of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. They must emancipate their minds, update their ideas, and work hard in

coordination with relevant fields to serve in a still better way land management and economic construction in our province.

We are shouldering heavy responsibility in land management work. However, I believe that under the correct leadership of CPC committees at all levels, our land management departments can definitely improve their service and make constant efforts to push land management work in our province to a new height. Thank you! [end recording]

Sichuan International Trade Fair Ends

OW0107194394 Beijing XINHUA in English 1527
GMT 1 Jul 94

[Text] Chengdu, July 1 (XINHUA)—The Sichuan International Trade Fair ended today. Some 277 contracts signed during the event are expected to draw 5.62 billion U.S. dollars in overseas investment.

The four-day fair was attended by some 700 overseas businessmen from 24 countries and regions, including the United States, Japan and Germany. More than 100 participants were foreign business leaders.

Sichuan Reports 'Good Harvest' From Spring Crops

OW0307152794 Beijing XINHUA in English 1419
GMT 3 Jul 94

[Text] Chengdu, July 3 (XINHUA)—China's leading grain producer, Sichuan Province in the southwest, has reported a good harvest of grain and rapeseed in spring crops.

Latest official statistics show that the province produced 9.785 billion kg of grain, about 766 million kg more than in 1993, or 1.7 percent more than the record production of 1992.

Its rapeseed crops also recovered from years of poor yields. The production is estimated at 1.151 billion kg, which is 128 million kg more than that of last year.

Though the adjustment in crop structure caused a slip in the area of grain and rapeseed crops, the provincial agricultural authority said improvements in breeds and farming methods had resulted in a 5-10 percent rise in per hectare output.

Sichuan Secretary Attends Investment, Trade Fair Opening

HK0507094994 Chengdu Sichuan People's Radio Network in Mandarin 1100 GMT 28 Jun 94

[Excerpt] Sichuan 1994 Investment Invitation and Trade Fair had a grand opening this morning in Chengdu. Those attending the opening ceremony included [Provincial CPC Committee Secretary] Xie Shijie, [Provincial Governor] Xiao Yang, Yang Xizong, Nie Ronggui, Song Bairui, Qin Yuqing, and other leaders of the

provincial party committee, the provincial government, the provincial people's congress, and the provincial committee of the Chinese People's Political Consultative Conference, as well as some retired provincial leaders. Honored guests appearing on the presidium rostrum included Sun Shangqing, director of the State Council's Development Center; Wu Jie, vice minister of the State Commission for Restructuring Economy; Qin Huasun, assistant minister of foreign affairs [passage indistinct].

The opening ceremony was presided over by Vice Governor Pu Haiqing and Governor Xiao Yang delivered an opening speech. On behalf of the provincial government and the entire personnel of all delegations to the fair, he expressed a warm welcome to friends and honorable guests to the fair. He said: Sichuan is a large interior province with a time-honored history, rich resources, and a broad market. The province has an area of 570,000 square km and a population of over 110 million. It had a reputation as the land of abundance in ancient times. Over more than 40 years of construction, especially during the last 15 years of reform and opening, Sichuan's economy has made substantial progress. Our industrial, agricultural, and scientific and technological strengths all hold weighty positions in the country. The province is now one of the most important industrial bases in China, and is also China's largest agricultural province. [passage omitted]

Sichuan CPC Officials Commend Party Members

HK0507093194 Chengdu Sichuan People's Radio Network in Mandarin 1100 GMT 30 Jun 94

[Excerpts] The Sichuan Provincial CPC Committee today held a grand meeting to give publicity to the deeds of some outstanding CPC members in the meeting hall of the provincial party committee in Chengdu. Those attending the meeting included [Secretary] Xie Shijie, [Governor] Xiao Yang, Song Baorui, Qin Yuqing, [Military District commander] Ren Yinglai, Yang Chonghui, Luo Liangyang, Xi Yifang, Shi Zhiyi, Niu Ping, and other party, government, and military leaders from the province. [passage indistinct] Vice Secretary Song Baorui of the provincial party committee presided over the meeting. A number of outstanding party members briefed the meeting participants about their progressive deeds. [passage omitted]

Provincial CPC Committee Secretary Xie Shijie made an important speech entitled: "Communist Party Members Should Fully Play a Vanguard and Exemplary Role in the Course of Reform, Development, and Stability." He said: In order to achieve the objective of establishing the socialist market economic structure and raising the people's living standards to the level of being comparatively well-off by the end of this century, it is necessary to strengthen the party's leadership; this is the key factor. It is necessary to strengthen education for party members, to enhance the quality of the party membership, and to maintain the advanced nature of the party membership. [passage omitted]

Party Branch Educates Tibetan Villagers in Splittism

OW0307125594 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 28 Jun 94

[Special-topic report: "Let the Party Flag Become Even More Glorious—On the Party Branch of Changguo Village of Changguo Township in Gonggar County Which Leads the Villagers in Successfully Developing Production and Achieving Prosperity"]

[Excerpts] Changguo Village of Changguo Township is located on the north side of the Yaluzangbu Jiang 44 km northeast of the urban areas of Gonggar County. It has a total of 938 villagers in 211 families. [passage omitted]

The village party branch was set up in 1987 after incorporating the county's districts into townships. It has 18 party members, of whom five are party branch committee members. The party members account for nearly two percent of the village population.

Since 1987, the leading group of the party branch has paid great attention to the one central task and the two basic points, and has always adhered to the principle of building both material and spiritual civilizations and attaching equal importance to both. It has done a great deal of useful work and scored remarkable success in building up itself and in leading the villagers in achieving prosperity.

1. It has firmly taken the socialist road and opposed splittism and retrogression. Over last several years, the village party branch has put the emphasis of its work on upholding the four cardinal principles of the party, safeguarding the unification of the motherland, and opposing splittism and retrogression. Since 1987, a handful of splittists have repeatedly created disturbances and made trouble in Lhasa, and engaged in splittist activities and sabotage. In dealing with those major issues of right and wrong, the members of the village party branch committee always kept a clear head and vigorously conducted anti-splittist propaganda to educate the party members, members of the Communist Youth League, and peasants and herdsmen in the village. They emphasized the truth that without the CPC, both New China and New Tibet would have been nonexistent. They gave a wide publicity to the changes among the people and collectives brought about by the party's policy of helping the people become rich since the Third Plenary Session of the 11th CPC Central Committee. They organized elderly villagers to educate others by citing their own experience in comparing the new society with the old one. Such an effort has yielded a very good educational effect on the villagers, particularly young villagers.

2. Great efforts have been made to develop collective economy and take the road of common prosperity. [passage omitted]

3. One must have a strong body work as a blacksmith. The party branch of Changguo Village enjoys high prestige among the villagers because it keeps improving itself. [passage omitted]

During the struggle to lead the masses in taking the road to prosperity and opposing split and retrogression, the Changguo Village party branch, fully playing the fighting bastion role of a grass-roots party branch, is a strong party branch trusted by both the higher-level party organizations and the villagers.

Yunnan Governor Plans To Help Loss-Making Firms

HK0407132994 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 30 Jun 94

[Text] The Yunnan Provincial Government held a provincial mobilization meeting to implement a plan to help loss-making enterprises directly under the provincial government at Chuxiong Yunnan Machine-Building Plant yesterday. Governor He Zhiqiang spoke at the meeting.

He Zhiqiang said: The raising of the overall level of Yunnan industry should be based on raising the level of existing enterprises, particularly on properly solving the problem of loss-making enterprises through technical transformation and speeding up the upgrading of enterprises. To implement the plan to eliminate losses does not mean providing relief but helping enterprises develop and, by stages and in groups for three or four years, enabling state enterprises which have difficulties to embark on the road of development by depending on themselves.

He Zhiqiang said: The first amount of funds for helping loss-making enterprises should be arranged according to the principle of making the focal points stand out, having the foothold on development, using the funds with compensation, and developing in a rolling manner. Governments and departments at various levels should also, in accordance with necessity and possibility, set up corresponding funds and use the funds in enterprises where they are most needed in a relatively concentrated manner.

The meeting decided to use the funds for helping loss-making enterprises raised by the Financial Department and various banks, amounting to 150 million yuan, on 22 projects for technical transformation in 19 enterprises.

Yunnan Court Chief To Continue Fight Against Drugs

HK0507100094 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 1 Jul 94

[Text] Qiu Chuangjiao, president of the Yunnan Provincial Higher People's Court, at news briefing held by the court on 30 June, said: Over the past more than 10 years,

new progress has been made every year in Yunnan's narcotics control and great results have been achieved.

He said: Between 1983 and 1993, the people's courts at all levels and in all localities in Yunnan totally wound up the trials of 18,593 drug-related criminal cases. In the three years since the narcotics control decision was made in 1991, the courts have handled 8,258 drug-related criminal cases and sentenced 11,887 drug-related criminals, including 2,433 criminals who were sentenced to death and executed immediately; sentenced to death with a reprieve; and sentenced to life imprisonment. So far, the whole province has organized nine large-scale rallies to announce sentences for drug traffickers, openly announcing sentences and executing a number of serious criminals involved in drug trafficking and destroying more than 14 [words indistinct].

Qiu Chuangjiao said: We are facing a prolonged and arduous antinarcotics struggle. We should be ready to fight over a long period time and must never stop our actions against drug trafficking as long as drugs still exist around us.

North Region

Beijing Secretary Discusses Use of Foreign Funds

SK0207031294 Beijing BEIJING RIBAO in Chinese 16 Jun 94 p 1

[By reporters Zhao Jingyun (6392 7231 0061) and Yan Liqiang (0917 0500 1730); "Firmly Grasp the Opportunity and Put the Use of Foreign Funds First"]

[Text] On 15 June, Beijing's "three zones" (the new-tech industrial development experimental zone, Beijing economic and technological development zone, and district and county small industrial zones) convened a work meeting on use of foreign funds. Chen Xitong, municipal party committee secretary, emphasized in his speech: "Three zones" are the reserve strength and the hope of Beijing, and we should firmly grasp the opportunity and put much importance to the use of foreign funds. Enterprises in the "three zones" should establish new mechanisms and have new outlooks from the very start. We should strengthen the planning for the construction of township small industrial zones instead of increasing the decentralized and small-scale enterprises.

Wang Baosen, executive vice mayor, chaired the meeting.

Lu Yucheng, vice mayor, made a report summing up the preliminary accomplishment "three zones" had achieved, pointing out the important meaning and function of the construction of the "three zones," and calling for efforts to firmly grasp the opportunity and quicken the pace of the construction of "three zones." He held: Under the current international and domestic new situation, we face the rarely favorable historical circumstances as well as trials, which must not be ignored. To

sum up, we have more favorable circumstances than trials and this offers a favorable condition for Beijing to develop an open economy and to build "three zones." We should strengthen the working impetus of using foreign funds to make "three zones" Beijing's key area to use foreign funds; carry out the guideline of "three first," (putting the enterprises invested by foreign funds first in enterprise structure, putting modern industry first in the industrial structure, and putting export first in production structure); construct the development zones and industrial small zones with their own characteristics; continuously achieve success in basic construction and perfect the supporting facilities to further optimize the environment for foreign investors; develop on a snowballing basis by planning comprehensively; strengthen the impetus of attracting more investors and capital and increase the enterprise numbers which register in the zones; and carry out modern enterprise system and establish a modern administration structure.

Chen Xitong held: Paying special attention to "three zones," we have grasped the key issues, the reserve strength, and the hope of Beijing. With an important meaning to the realization of the overall planning, a success in the construction of "three zones" is, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, to carry forward Beijing's development to make the distribution of industrial enterprises more reasonable and the economy develop continuously, speedily, and healthily. Leaders at all levels have attached much importance to it and grasped it firmly, but they should pay much more attention and achieve greater success. We should only succeed, and we should not fail. We should achieve a general accomplishment and create a new atmosphere. Beijing will conduct an inspection by the end of the year.

Chen Xitong pointed out: To do a good job in the construction of "three zones," we need capital, qualified personnel, and technology, and our main problem is the shortage of capital. Where can we acquire the capital? We can resolve the problem through various channels. The most important channel is the use of foreign capital, and, besides, we should use the capital from central departments, other provinces and cities, and Beijing Municipality. We should put using foreign funds in the first place, and unswervingly overcome all the wrong ideas which hinder the use of foreign funds. For example, the ideas to think we have used foreign funds well and enough; to think that as the three types of foreign-funded enterprises have outnumbered 8,000, we should slow down to "consolidate, digest, and improve"; to think that as the supporting capital is not enough, we should slow down the pace; and to think using foreign fund leads to the overheated economy. All these ideas are false. Our capital is far from being enough, and we need a lot more capital to develop and to head for a fairly well-off, a much better-off, and then a very prosperous life. With the current situation that the international capital needs to be exported and to seek market while China is the biggest market in the world, we should take

the golden opportunity to use foreign funds lest the opportunity should be taken by other countries. If we miss the opportunity, there will be no more. We must, under no circumstances, slacken our efforts and slow down our pace to improve the economy; and we should, based on the reality, have the courage to seek truth from facts, grasp the opportunity, and use more and more foreign funds. We should not be discouraged by the difficulties such as the shortage of the supporting funds. "Change your way of thinking and there is wealth everywhere." We should try every means and do our best to make people rich as soon as possible.

Chen Xitong requested: The enterprises in the "three zones" should establish a new mechanism from the start instead of maintaining the old one; closely keep the market economy in view to mold the enterprises according to the requirements of the modern enterprise system and apply the shareholding, internal distribution, social security systems, etc.; change their outlooks; increase the ability to adapt themselves to the market; achieve good efficiency; play the role as the base for fostering qualified personnel and as demonstration enterprises; and must not under any circumstances "wear the new shoes, but take the old road." He urged suburban counties to do a good job in the construction of county small industrial zones, villages, and townships, to strengthen the planning for township enterprise small zones, and to put them together as much as possible instead of scattering small-scale enterprises everywhere.

Duan Bingren, Xia Qinlin, Feng Mingwei, and Fan Yuanmou, municipal leaders, attended the meeting.

Beijing To Adopt Unemployment Insurance

OW0407024194 Beijing XINHUA in English 0143
GMT 4 Jul 94

[Text] Beijing, July 4 (XINHUA)—The Beijing municipal government is to make unemployment insurance compulsory for all enterprises in the city from July 1 this year.

Those to be insured will include employees in enterprises owned by the central government, the military and other provinces and cities, employees of co-operative, township and share-holding enterprises and various kinds of joint ventures.

Also included are employees of the Chinese side in overseas-funded enterprises and Beijing citizens employed in private and individual enterprises.

The employees will have to pay a particular sum monthly and the enterprises will have to hand in a percentage of their workers' salaries as unemployment insurance funds.

Whenever an enterprise is bankrupt, streamlined or abolished by the state or its employees are dismissed, the

unemployed worker will get three to 24 months of unemployment benefit money and a certain percentage of medical fees.

It is also stipulated that the work units and their banks will deduct a percentage of workers' wages and hand them in as unemployment insurance funds.

Beijing Holds Meeting on Ending Deficits

SK0207080994 Beijing BEIJING RIBAO in Chinese 24 Jun 94 p 1

[By Hua Kun (5478 2492) and Sun Yushan (1327 3768 1472); "Emancipate the Mind and Spare No Effort To Realize the Objective of Ending Deficits and Increasing Profits"]

[Text] The meeting on making industrial enterprises in Beijing end deficits and increase profits was held on the morning of 23 June, calling on industrial enterprises across the municipality to further emancipate the mind, work with all-out efforts, and struggle to realize the objective of ending deficits and increasing profits. Chen Xitong, secretary of the municipal party committee, and Mayor Li Qiyan attended and addressed the meeting.

First of all, the meeting commended the 10 best enterprises, the 10 best plant directors (managers), and the 10 best new products of the Beijing Municipal industrial front in 1993 and the 1993 party work advanced units, outstanding party committee secretaries, and plant directors (managers) who made outstanding achievements in ending deficits and increasing profits.

Zhao Ruiming, director of Beijing People's Bearing Plant, and Cheng Ruxue, manager of the Beijing Municipal No.1 Foodstuffs Company, respectively introduced their experiences in improving their internal skills, changing mechanisms, and actively ending deficits and increasing profits.

Vice Mayor Li Runwu delivered a report, entitled: "Emancipating the Mind, Working With All-Out Efforts, and Struggle To Realize the Objective of Making Industrial Enterprises End Deficit and Increase Profits." Last year, all districts, counties, bureaus, and general companies persisted in taking both radical and stopgap measures and simultaneously carrying out various measures, and succeeded in attaining the objective of ending deficits and increasing profits better than that of previous year. Some enterprises walked out of the plight of suffering deficits for several years running. In order to do a better job in the future production and management and to realize the objective of making industrial enterprises end deficits and increase profits, we should continue to uphold the working principle of grasping the "supply of raw materials and marketing of products" well and achieve greater breakthroughs in ending deficits and increasing profits. From January to May this year, the whole municipality witnessed sustained and rapid industrial growth, the overall returns of industrial enterprises covered by the local budget continued to grow,

and the range of deficits of enterprises running in the red was declining gradually every month. However, the deficit situation has remained fairly serious.

The report points out: We must regard the work of ending deficits and increasing profits as a battle to tackle the most difficult problems and grasp it with unremitting efforts. We should exert further efforts to "change mechanisms and establish systems" and strengthen enterprise management; seize the opportunity, expand dynamics in industrial reform and readjustment, accelerate technological progress, and study and publicize the comprehensive supporting reform experience of the No. 1 Light Industrial Enterprise; establish and perfect the responsibility system of fulfilling the objective of ending deficits and increasing profits; rely on the broad masses of workers, strengthen ideological and political work, and keep the ranks of workers stable. The report calls on all departments and enterprises to go deep to the grass-roots level to conduct investigation and study, make concerted efforts, try by all possible means to make practical plans for enterprises, do practical things for them, accelerate the handling of problems of enterprises within the limits permitted by laws, regulations, and policies, and try our best to create good external conditions for enterprises.

In his speech, Li Qiyan said: Under the leadership of the central authorities and the municipal party committee, our municipality has scored achievements in making state-owned large and medium-sized enterprises end deficits and increase profits, and the deficit volume has declined every year. However, the range of deficits has remained quite large. This is not only an economic issue but also one affecting stability, which we must exert strenuous efforts to solve. In the great change of the market economy, it is unavoidable to have both profit-making and deficit-incurring enterprises. The municipal authorities should support those deficit-incurring enterprises that have markets for their products and efficiency. Money-losing enterprises should not excuse themselves with the objective reasons of having heavy burdens. They should face the difficulties and advance with all-out efforts.

Li Qiyan stressed: To successfully run state-owned large and medium-sized enterprises, we must further emancipate the mind and expand our strength in studying and popularizing the experience of the No. 1 Light Industrial Enterprise. It is necessary to free ourselves from the track of the planned economy, propose new ideas in line with the actual situations in our own enterprises or trades, and adopt management measures that suit the market economy. We must give handsome awards to plant directors who do a good job in ending deficits and increasing profits, see to it that different treatment is given depending on whether one does a good job or a bad one, know clearly whom to award or punish, and form mechanisms. The No. 1 Light Industrial Enterprise's experience showed that its general orientation, ideas, and methods are good. We must not let the people

outside the wall share the sweet scent of flowers blossoming inside the wall. All bureaus and general companies should conscientiously study this experience in line with the actual situation.

Li Qiyan called for efforts to further accelerate the change of enterprise operational mechanism and to do a good job in experimenting with the modern enterprise system. It is necessary to regard internal improvement as a task of top priority. We must adopt methods to bring about a temporary solution and to get at the root of the problems. We need a lot of time to see the effects of a permanent cure. So, while taking radical measures, we must also adopt stopgap measures in order to solve the current problems of enterprises and let them soundly develop in the course of bringing about a temporary solution and effecting a permanent cure. This year, effort should also be made to accelerate the building of the socialist insurance mechanism and other supporting reforms.

Li Qiyan pointed out: The key to enabling enterprises to exist is to organize scientific and technical forces to tackle technical problems and produce more competitive and quality products needed on the market. Enterprises and products are closely related. Only when enterprises have good products can they achieve a secure place on the market and win renown. Enterprises should give full play to their advantages and respect and organize scientific and technical workers to produce more new and good products. Those who develop good products must be awarded.

Li Qiyan said: All bureaus, general companies, groups, and enterprises should conscientiously implement the guidelines of this meeting, investigate and find out their disparities based on solving problems with their own efforts, put forward problems which should be solved by the municipal authorities, formulate plans and measures for ending deficits and increasing profits, work in a down-to-earth manner, and try their utmost to effect great improvements in ending deficits and increasing profits.

Ouyang Wenan, member of the standing committee of the municipal party committee, presided over the meeting. He called on leaders at all levels to enhance understanding of the work of ending deficits and increasing profits, grasp it firmly, and strive to seek actual results. In grasping the work of ending deficits and increasing profits, we must take both radical and stopgap measures. Relevant departments should discuss different cases according to their merits, and issue specific methods. Deficit-incurring enterprises should work hard to improve themselves internally, strengthen management, and accelerate technological transformation in an effort to gain staying power for development.

Wang Zhitai, vice chairman of the municipal meeting of the Chinese People's Political Consultative Conference,

Fan Yuanmou, secretary general of the municipal government, and leaders of the municipal relevant departments, some enterprise plant directors and secretaries, a total of 600 people, attended the meeting.

Beijing Home to 160 Overseas Enterprises

*HK0307072094 Beijing ZHONGGUO XINWEN SHE
in English 0724 GMT 2 Jul 94*

[Text] Beijing, July 2 (CNS)—Beijing municipality has undertaken overseas enterprises since two years ago, which are now in a budding state. There are to date some 160 overseas enterprises approved across the municipality, with gross investment of U.S.\$80 million, which are situated in a wide area abroad.

The solely funded, joint-ventured or cooperative enterprises overseas are mainly located in 45 countries and regions, including the Commonwealth of Independent States, the United States, Eastern Europe, Japan, Australia, Germany, South America, Hong Kong, as well as Macao. Business scope covers industrial and agricultural production, resources exploitation, comprehensive trade, financial affairs and real estate, travel service, medical care and health, electronic components, exploitation of science and technology, contract of engineering, construction of gardens and parks and catering service. Medium- and large-sized enterprises, including the Capital Iron & Steel Company and the Stone Company, are now undertaking overseas business and responsible for broadening the business scope and developing financing service for overseas enterprises run by the municipality. They make overseas enterprises their main sources for further development in order to build themselves into multinational companies.

Statistics showed that 58 overseas enterprises now in operation registered a gross turnover of some U.S.\$700 million last year, of which export trade made up U.S.\$90 million. About 80 percent of the enterprises showed sound economic results.

An overseas company run in Macao, for example, saw its asset rise from a mere HK\$500,000 [Hong Kong dollars] at the very beginning to HK\$30 million at present. The turnover was valued at HK\$320 million last year and profit was put at HK\$15 million, becoming one of the eight main enterprises in Macao.

Inner Mongolia Official on Current Industry

*SK0107133694 Hohhot NEIMENGGU RIBAO in
Chinese 21 Jun 94 p 1*

[By reporter Zhang Zhedong (1728 0772 2767) and correspondent Xin Shangkui (6580 1424 1145); "Industrial and Transportation Development Trend Is Better Than Last Year—an Interview With Yun Feng, Deputy Director of Inner Mongolia Autonomous Regional Economic Commission"]

[Text] Recently, reporters interviewed Yun Feng, deputy director of the autonomous regional economic commission, on Inner Mongolia's current industrial and transportation situation, enterprises' transformation of the operating mechanism, and problems such as the deficits of state-owned enterprises.

How should we assess the entire economic situation of the region? Yun Feng summarized the answer in three sentences: The situation is very good. Problems and difficulties are numerous. And there are methods and hope.

The regional industrial production and transportation are good on the whole. Major manifestations are as follows: From this January to May, Inner Mongolia continued to maintain a nearly two-digit growth in production, with the industrial output value created by the industrial enterprises at and above the township level increasing by 9.47 percent over the same period last year. It put an end to the long low growth in the light industry and made light and heavy industries grow at the same pace, by 9.59 percent and 9.40 percent, respectively. It maintained sustained and rapid development in the production of small enterprises, which registered an increase of 17.29 percent. It developed the production of large enterprises steadily, which registered an increase of 5.49 percent. And it enabled nonstate-owned enterprises to substantially increase their growth rates, which were 19.67 percent in the case of collective enterprises and 164.81 percent in the case of the enterprises of other ownerships.

Energy industry and transportation rose steadily. Inner Mongolia's raw coal output grew by 20.49 percent, crude oil output by 8.55 percent, and electricity output by 11.98 percent. The railway transportation plan was carried out fairly successfully, and the cargo transportation volume of the Hohhot Railway Bureau registered an 8.41-percent increase.

In addition to the growth in output value, the overall economic efficiency of enterprises was increased, and their vigor enhanced. From January to May, the sales value of Inner Mongolia's industrial enterprises at and above the township level rose by 8.38 percent, and the marketing rate of their products totaled 92.48 percent. In light and heavy industries, the sales value grew by 9.26 and 7.89 percent, respectively, and the marketing rate was 91.60 and 92.80 percent, respectively. From January to April, Inner Mongolia's 1,066 local budgetary state-owned industrial enterprises created 1,134,510,000 yuan in profits and taxes, showing a 7.04 percent increase, which was higher than the growth rates of output value and sales income. Meanwhile, several indicators reflecting the reserve strength and vigor of enterprises also showed marked improvement. For instance, enterprises' after-tax profits grew by 71.45 percent; total volume of assets 17.30 percent; and repayment of long-term loans 46.09 percent.

Judging from the above-mentioned indicators, the general industrial development trend was good from this January to May, weak links were strengthened, and the adjustment of the industrial structure and product mix also showed great improvement. However, problems were also conspicuous. Major ones were the uneven development in industrial production and transportation, with the gap between different areas and different trades widening; the substantial increase in the deficits of enterprises and the number of loss-making enterprises as calculated based on the current prices and current financial and accounting systems; the under capacity or standstill in the operation of some enterprises; and the serious shortage in enterprises' circulating funds. However, these are temporary difficulties emerging in the process of advancement and development, which will be surmounted step by step following the in-depth development of reform.

Speaking on the enterprises' transformation of the operating mechanism, Yun Feng, deputy director of the autonomous regional economic commission, said: Starting with the reform of the property right system, Inner Mongolia has added impetus to this work since the beginning of this year and made new headway. Major manifestations are the great importance attached to this work by leaders at all levels, the unified thinking and fast action adopted by various localities, the healthy and smooth progress of the transformation of mechanisms, the various basic work started across the board, the inventory of stockpiles and capital extensively carried out at enterprises, and the appraisals of assets conducted by some enterprises. Small and medium-sized enterprises have accelerated the reform of the property right system and started the experiment with the modern enterprise system. According to the statistics of the 1,772 state-owned industrial enterprises throughout the region, 679 of them have implemented reform of various forms. Excluding the duplicate reform measures adopted by enterprise groups, joint ventures, cooperative enterprises, and enterprises divided up for invigoration, 413 enterprises, 23.3 percent of the total, have transformed their mechanisms. Preparations are being made actively for a number of enterprises at the regional level and enterprises to be reported to the state to experiment with the modern enterprise system. Some enterprises with serious and long-standing problems, which the region is concerned about, have achieved some breakthrough thanks to the positive measures adopted by various localities. At present, we should make great efforts to continue the transformation of mechanisms, adhere to the principle of three advantages, explore bravely, innovate actively, seek truth from facts, adopt different policies at different plants, and promote reform through various channels and measures.

Deputy Director Yun Feng also discussed state-owned enterprises' profits and deficits, an issue many people are concerned about. He said: The increase in the deficits of state-owned enterprises and the number of loss-making enterprises is related to the implementation of the two

systems and the different fiscal accounting method adopted this year. If calculated in terms of past standards, state-owned enterprises' profits increased by a large margin, and their deficits declined to a notable extent from this January to May. Also, most of the loss-making state-owned enterprises, including those which have suspended production totally or partially, are small enterprises, which cannot possibly seriously affect the region's economic operation because their industrial output value and employees account for only a small number. In addition, thanks to their efforts to deepen reform, a considerable part of them are reducing deficits, starting up production, and developing along a good direction.

Furthermore, in the process of comprehensively establishing the socialist market economy system, state-owned enterprises are undergoing a complicated historical change, and the mechanisms, organization, management, products, technology, and equipment of some state-owned enterprises are incompatible with the development of the market economy due to the long implementation of the planned economy. These problems should be resolved by reform and transformation of mechanisms, by developing and producing readily marketable products, and by improving the technological and equipment levels. This takes time, investment, and a process to accomplish. Enterprises with a better foundation need less time, but those with a poor foundation need more. The current difficulties and problems of state-owned enterprises have not been brought by reform. They are the difficulties emerging in the process of advancement and development.

Judging from the general situation, Inner Mongolia's enterprises, especially large and medium-sized state-owned enterprises, have created a good development trend in transforming their mechanisms. The electricity supply is ample, and the external environment of enterprises is being improved step by step. The shortage of funds, which has plagued enterprises for a long time, will be eased in the latter half of this year. As long as we continue our efforts, we will attain the targets of economic growth defined early this year by the autonomous regional party committee and government.

Highway Port Under 'Smooth Construction'

SK0207003294 Hohhot NEIMENGGU RIBAO in Chinese 22 Jun 94 p 2

[Text] The first phase of the project of the Manzhouli International Highway Port, built simultaneously by China and Russia with the approval of Chinese and Russian Governments, has been under smooth construction since July 1993 when it was started, thanks to the concerted efforts of both sides. The first phase of the port dredging highway project, a subsidiary of the port project, has already been completed.

The project on the Russian side is designed to cover an area of about 18,823 square meters, with a total cost of

\$7.42 million. (Rostack) state enterprise under the Russian Custom Committee issued the bid for this project, and the Manzhouli International Economic and Technological Cooperation Company won the bid against several other Chinese and foreign companies. Thus far, \$1.8 million in the funds of the Russian side has been put in place, and the leveling of 0.5 square km of land and the construction of the 2.5-km-long walls of the enclosing area have been completed. The design of this project was completed by the Moscow construction and designing corporation, and the drafting of the project was undertaken by Heilongjiang Provincial Light Industrial Designing Institute. On 15 April this year, the contingent of builders entered the worksite, thus beginning the construction of this project.

On the Chinese side, the land to be used is planned at 1.48 square km, the total investment is planned at 180 million yuan in Renminbi, and the area under construction is planned at 40,000 square meters. The project in the Chinese side will be built with the investment of Beijing Nande Economic Group. Covering an area of 60,000 square meters, the first phase of the project will primarily include the inspection area and the storage area to be used by the joint inspection units. Covering an area of 100,000 square meters, the second phase of this project will primarily include commercial and trading area, tourist area, office area, and residential area. This project has been designed by Qiqihar Civil Projects Prospecting and Designing Institute. To race against time, the construction ranks broke with usual practice by insisting on working in the winter. Thus far, the leveling of land has been completed, and the headquarter office building covering a floor space of 1,500 square meters, the living quarters for workers and staff covering an area of 2,400 square meters, and the vehicle storage and parking zones, have already been made available to users. Meanwhile, 1,700 extension meters of underground heat and water supply pipes have been laid, and 17,000 cubic meters of earthwork have been completed, accounting for 60 percent of the total earthwork, thus shortening the construction period by more than half a year.

In line with the plan and the design for the Manzhouli International Highway Port, 14 entry and exit routes will be built, through which, passengers and goods as well as imports and exports will be handled separately. Every year, about 3 million passengers and 3.5 million tonnes of goods will be carried through these routes. Upon its completion, this port will become the largest modernized and multi-functional highway passage on the northern border of China.

This project is planned to be open roughly by the end of 1994 and to be completed by the end of 1995.

Tianjin Secretary on Investigation, Study Work

SK0207064794 Tianjin People's Radio in Mandarin
2300 GMT 1 Jul 94

[Text] On 30 June Gao Dezhān, secretary of the municipal party committee, sponsored a meeting of secretaries

from the work committees under the municipal party committee and the party committees of various districts and counties to summarize the work done in the former period by the leading cadres who went deep into grass-roots level units to carry out investigation and study and to do practical deeds for these units. The meeting also put forward demands for the work in next period.

In his speech Gao Dezhān stressed that efforts should be made to further enhance the organizational leadership over the work, to adhere to the simultaneous enhancement of leadership conducted by both party and government organs, to deeply and realistically grasp the activities of carrying out investigation and study and doing practical deeds, and to truly score results in these activities.

Since the conference sponsored by the municipal party committee and the municipal people's government on 13 June with the participation of leading cadres from various districts, counties, and bureaus, activities of conducting investigation and study and doing practical deeds have been extensively carried out in a down-to-earth manner thanks to various departments, commissions, offices, districts, counties, and bureaus that have gone into action immediately and made concrete arrangements.

At the meeting the responsible comrades from the industrial and planning work committees of the municipal party committee, and the party committees of Nankai district and Jinghai County successively delivered reports on describing their activities of going deep into grass-roots level units to carry out investigation and study and doing practical deeds for them.

In his speech Gao Dezhān pointed out: The activities of carrying out investigation and study and doing practical deeds have entered a crucial stage. We should concentrate our efforts on promoting these activities and make all-out efforts to further do a good job in carrying out these activities. First of all we should further upgrade our understanding and enhance the leadership. Through these activities we should urge cadres to change their work style and organs to change their function, as well as promote the work in the second half to be done more realistically, more rapidly, and more satisfactorily and promote these grass-roots level units to further tighten their ties with the masses. Efforts should be made to earnestly fulfill various tasks and a good job should be done in summarizing the work done in the first half, knowing well the real situation, finding out the shortcoming and problems, and making well arrangements for the work in the second half. In coping with the weak links, we should adopt practical methods and formulate measures. We should also concentrate our efforts on summarizing a large number of typical experience, apply the typical cases to promoting the work in the area, and do some practical deeds for the grass-roots level units in a down-to-earth manner. Party committees at all levels should further enhance their organizational leadership at present and both party and government organs should

grasp the work simultaneously. They should deepen the work in this regard from an overall angle, further grasp the activities of carrying out investigation and study and doing practical deeds deeply and realistically, and truly score results in these activities.

In his speech Gao Dezhān stressed: In the activities of carrying investigation and study and doing practical deeds, leading cadres at all levels must closely follow the whole situation in the work undertaken by the entire party and country; correctly understand the situation; keep abreast of the situation; do a good job in realistically grasping the big events; and make all-out efforts to successfully boost the state-owned enterprises and grasp agricultural production and party building. As for the activities in this regard for next period, we should find out the shortcomings in line with the weak links and prominent problems cropping up in the work done in the first half and formulate effective measures for dealing with them. We should make up the activities that have lagged behind in the first half, reinforce the strength in the weak links, make a new breakthrough in the key work, and do a good job in conducting the municipal work.

Tianjin Passes Death Sentence on Heroin Dealers

SK0207003494 Tianjin TIANJIN RIBAO in Chinese 25 Jun 94 p 2

[Text] On the morning of 24 June, the Tianjin Municipal Intermediate People's Court as well as Nankai, Hongqiao, and Hexi people's courts respectively held open trials to deal stern blows to narcotics abuse cases. At the trials, judgment was pronounced for seven narcotics abuse cases, involving 19 criminals.

In 1993, Li Wenli and Ma Jianjun, the accused, bought 90 grams of heroin at the price of 7,600 yuan in Lufeng County in Guangdong Province, and then mailed them to Tianjin and concealed them at the house of Ma Jianjun. On 8 March 1994, Li Wenli, the accused, was captured selling the heroin near Hedong Hospital. In accordance with the "Criminal Law" and the NPC Standing Committee's "Decision on Banning Drug Abuse," the Tianjin Municipal Intermediate People's Court sentenced Li Wenli to death with a two-year reprieve and with his political rights deprived for life, and 1,000 yuan in fines were imposed on him on the charge of trafficking in narcotics. Ma Jianjun, the accused, was sentenced to life imprisonment with his political rights deprived for life, and 1,000 yuan in fines were imposed on him.

Li Ziqiang and Zheng Guoren, the accused, went to Lufeng County in Guangdong Province in January 1994, each carrying with them 300 yuan in cash. Li Ziqiang, appearing personally, bought some 60 grams of heroin and brought it back to Tianjin. On 7 February 1994, Li Ziqiang, Zheng Guoren, and some others were seized when they were taking heroin. In accordance with the "Criminal Law" and the NPC Standing Committee's

"Decision on Banning Drug Abuse," the Tianjin Municipal Intermediate People's Court sentenced, on the charge of holding narcotics, Li Ziqiang to 15-year imprisonment, with his political rights deprived for life, and with his BP machine confiscated. Meanwhile, Zheng Guoren, the accused, was sentenced to 10 years of imprisonment, with his 3,000 yuan in renminbi being confiscated.

The accused, Yuan Yuhua, in collusion with some other persons, bought 50 grams of heroin in Weishan County in Yunnan Province, sold 17 grams to others, and took the rest themselves. On 10 May 1994, Yuan Yuhua was seized selling the heroin to Li Baohui (Li Baohui's case was handled separately). In addition to the 1.1 grams of heroin seized on the spot, another 152.2 grams of heroin, that was ready to be sold, and 6,000 yuan in illicit money were captured at Yuan Yuhua's dwelling place. The Tianjin Municipal Intermediate People's Court sentenced Yuan Yuhua to death, on the charge of trafficking in narcotics, taking away his political rights for life and all his property.

At the same time, the Tianjin Municipal Intermediate People's Court also passed sentences on Cai Yi and Zhang Jianfu, who were also involved in heroin trafficking cases, and on Wan Rongyan, who deceived others into taking heroin.

Tianjin Cracks Down on More Economic Crimes

SK0207110094 Tianjin People's Radio in Mandarin 2300 GMT 1 Jul 94

[Text] On 1 July the municipal people's procuratorate commended the people's procuratorates of the districts of Heping, Nankai, Hexi, Hedong, Dongli, Dagang, and Xiqing, which had scored marked achievements in handling the serious and appalling cases of embezzlement and bribes since the beginning of this year.

In the first half of the year, the procuratorial organs at all levels throughout the municipality actively carried out the struggle against embezzlement and bribes in line with the spirit of the directive issued by the central authorities with regard to waging deep-going, protracted, and more effective struggle against corruption. As of the end of June, the municipality registered and investigated 590 cases of economic crimes including embezzlement and bribes, a 114.5 percent increase over the same period in 1993. Of these cases, those of serious and appalling embezzlement and bribes account for over 50 percent of the total number. Of the serious cases handled, 58 involved over 100,000 yuan of embezzled money and 31 involved leading cadres at or above the section level.

Northeast Region

Liaoning's Achievements in Land System Reform

SK0207031094 Shenyang LIAONING RIBAO in Chinese 21 Jun 94 p 1

[By Xu Shaoda (1776 1421 6671): "Liaoning Achieves Splendid Results in Land System Reform"]

[Text] Through the reform in the past four years, our province has thoroughly put an end to the previous situation in which land was used without payment or time limit and where land utilization right could not be transferred, and started to comprehensively enter a new stage on which land resources are reasonably distributed according to the market mechanism and the efficiency from land property has been brought into full play. In 1993 alone, the province earned 2.15 billion yuan from land resources, accounting for 10.2 percent of the local revenues.

Over a long period of time, as a product under conditions of economic production, the old land system of the province, characterized by no payment, no time limit, and no transfer, brought about serious waste to land resources and created big losses in the earnings from land resources. From 1990, according to the "land law" and state relevant regulations, our province started to comprehensively reform the old land utilization system. The main ingredients of reform are to change the land utilization system from one characterized by no payment, no time limit, and no transfer to a new one where payment, time limits, and transfer and marketing of the commodity of land utilization rights are entailed in land use. In the course of reform, our province persisted in the principle that the first-grade land market is monopolized by the governments so as to avoid reducing the earnings from the state land resources. Simultaneously, the second- and third-grade land markets have opened. The transfer, rent, and mortgaging of land have been regulated by markets, thus promoting the optimum distribution and reasonable utilization of land resources and creating more earnings from the increased value of real estate for the governments. Last year, the province sold more than 800 rights to using 1,698 hectares of state land and earned 1.5 billion yuan from this.

Along with the sales of land utilization rights, the land management departments at various levels across the province have realistically ensured the scientific and reasonable utilization of land resources and vigorously strengthened the regulation of and control over the land markets. Land of a managerial nature and marketable houses were sold to commercial, catering, and service units. The land, lacking a management nature, was supplied in the form of administrative transfer. Preferential land distribution policies were implemented among the enterprises experimenting with the shareholding system, the enterprises engaged in the development of new high-technology, the traditional industries which are transformed with new high-technology, and the enterprises engaged in the intensive processing of natural resources and raw materials as well as among the land users engaged in the construction of energy and transportation infrastructural facilities. Simultaneously, a campaign with the contents of clearing up the land occupied by on-going projects, the reports on land, the registration of land, and real estate companies was launched across the province. Statistics showed that through the cleanup, 82 development zones in 14 cities

were reduced, a drop of 66 percent; 407 square kilometers of planned areas were reduced; more than 3,000 cases of unlawfully use of land were investigated and handled, and 2,070 mu of land were withdrawn. Simultaneously, to strengthen the unified management of the urban and rural areas, a good legal environment has been created. So far, 12 cities in the province have established land supervisory groups and five cities and 36 counties (districts) have established land judicial offices and people's court offices for handling land cases. In the past years, 21,000 cases of violating the land law were investigated and handled. All this has helped forcefully safeguard the land market order.

Liaoning Cracks Down on More Criminal Cases

SK0207105994 Shenyang Liaoning People's Radio Network in Mandarin 2200 GMT 1 Jul 94

[Text] The discipline inspection and supervisory organs at all levels throughout Liaoning Province have eliminated a large number of depraved persons by unswervingly investigating and handling the cases violating the law and discipline. From January to May of this year, these organs registered 2,783 violation cases and wound up 1,421 cases. They punished 1,390 party-member cadres. Of these cadres, 77 are of units at or above the county-section level; 262 were dismissed from the party; and 133 were handed over to the judicial organs because they had violated the criminal law.

Export Commodity Fair Opens in Dalian

OW0207211594 Beijing XINHUA in English 1438 GMT 2 Jul 94

[Text] Dalian, July 2 (XINHUA)—The eighth Northeast China Export Commodity Fair opened yesterday in this harbor city in northeast China's Liaoning Province.

Some foreign businessmen and 439 foreign trade companies and foreign-funded enterprises from northeast China provinces and the Inner Mongolia Autonomous Region are exhibiting more than 5,000 varieties of products at the fair.

Meanwhile, 14 cities in the province are offering key projects involving metallurgy, machinery, electronics, chemicals, textile and infrastructure construction for co-operation with overseas investors.

Northwest Region

Gansu Secretary Speaks at Enterprise Conference

HK0507102894 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 1 Jul 94

[Text] The provincial work conference on the operation of township and town enterprises was concluded on 30 June in Zhangye. The provincial party committee and the provincial government required that all localities in

the province firmly take the township and town enterprises as one of the strategic key points of the province's economic development and ensure that the total output value produced by the township and town enterprises this year will top 25 billion yuan and the growth rate will exceed 50 percent.

Yan Haiwang, secretary of the provincial party committee, stressed in his speech: At present, the total output value of the township and town enterprises in this province accounts for less than 0.6 percent; the per capita output value of the township and town enterprises among peasants remains less than one-third of the national average. He pointed out: The joint-stock cooperative system is the new point of increase among the township and town enterprises of this province at present and represents a new way to make developments. Under this system, shareholders also share the same interests and thus keep the same wishes. This is conducive to forming diverse investment bodies and to the enhancement of the enterprises' competitive power. Thus, great efforts should be made to promote this system.

Provincial Governor Zhang Wule required all prefectures and counties and the departments in charge of township and town enterprises to make great efforts to promote a number of promising projects with good market prospects, strong competitive powers, and good economic results in order to attract investment from within and without the country. He said: It is necessary to resolutely overcome the fear of difficulty and the sentiment of relaxing effort among some people who thought that it was hard to make development as the base figures were too large and the conditions for development were too bad. It is necessary to adhere to the guideline of acting flexibly, adopting diverse forms, not stressing proportions in the course of making development, paying attention to the market without stressing specific industries, and giving the green light to the development of individually run businesses and private enterprises. [passage indistinct]

Huaihe River Bridge Construction Updatedn in Henan

OW0207211294 Beijing XINHUA in English 1505
GMT 2 Jul 94

[Text] Wuhan, July 2 (XINHUA)—The main body of the Huaihe River Bridge has been completed in central China's Henan Province.

Located in Huaibin County, the 3,577 meter Huaibin Huaihe Bridge is the biggest ever built over the river.

It is one of the main projects on the 2,500-km Beijing-Kowloon railway.

The main body of the bridge was completed 80 days ahead of schedule.

Shaanxi Leaders Stress Capital Construction, Education

HK0407043294 Hong Kong WEN WEI PO in Chinese
17 Jun 94 p a2

[By staff reporters Lao Hung-kai (0525 7703 6946) and Yang Fan (2799 1581), and trainee reporter Zhang Jun (1728 6511); "Shaanxi Province Decides To Strengthen Education, Capital Construction"]

[Text] Xian, 16 Jun (WEN WEI PO)—In an interview with reporters from this paper, Zhang Boxing, CPC Central Committee member and Shaanxi Provincial CPC Committee secretary, and Shaanxi Governor Bai Qingcai said that in its effort to catch up with economically developed coastal areas and to create a favorable economic environment, Shaanxi should bring its strong points into play and overcome its weaknesses by stepping up capital construction, basic industries, and education. Shaanxi is trying to quadruple the 1980 GNP in 1997, that is, three years ahead of schedule, and to attain the second-step strategic objective of enabling the people to lead a relatively comfortable life in 1998, that is, two years ahead of schedule.

Zhang emphasized that the present guiding principles for Shaanxi's economic and social development are to promote education to lay a sound foundation, invigorate Shaanxi by applying scientific and technological achievements, accelerate reform and opening the province wider to the outside world, focus on developing the economy in the central Shaanxi plain, and accelerate development in south and north Shaanxi in order to form an industrial structure with regional characteristics. The central Shaanxi plain will make efforts to develop the processing industry using high and new technology as its dragon head in a bid to improve its economic efficiency and its capacity to earn foreign exchange. North Shaanxi will develop into an export-led energy, heavy, and chemical industrial base. South Shaanxi will build the Han Jiang industrial corridor by utilizing its mineral, biological, and water resources.

Poor basic industries and infrastructure are Shaanxi's weakness. Governor Bai stressed the need to accelerate basic industrial and infrastructure development and to promote education. Secretary Zhang said Shaanxi is set to boost capital construction even at the expense of economic growth.

Zhang said that Shaanxi has a relatively developed industry. It has 405 large and medium-sized enterprises, of which 75 percent are economically sound, 5 percent have financial difficulties and need to accelerate technical transformation, and the rest have greater debts than assets. Zhang said those enterprises which face a money shortage will solve the problem by merging foreign funds with existing enterprise assets under the principle of "one factory, many systems."

According to Shaanxi leaders, to catch up with coastal areas in economic development, Shaanxi must change

the operating mechanism which does not suit the needs of the market economy, repudiate the conservative and backward ideas of the interior, and rely upon its superior science and technology to update existing enterprises. With a competent contingent of scientists and technicians numbering 760,000 and a population with a higher cultural level, Shaanxi ranks third in the country in terms of the comprehensive development capacity through applying scientific and technological advances.

Regarding agricultural development, Zhang said that with a per capita average annual income of 600 yuan, four million Shaanxi peasants still suffer poverty. Shaanxi will focus on helping Shangluo Prefecture in south Shaanxi to shake off poverty through introducing science and technology.

Secretary Zhang said with the private sector constituting only a small percentage of the local economy, Shaanxi will step up development of rural and foreign-funded enterprises. The two leaders said to serve the people better is their greatest happiness. Governor Bai said he hardly goes to sleep when the province is hit by droughts or floods. Secretary Zhang said it is difficult to do solid things for the people. Therefore, we have to make sustained efforts, he added.

Shaanxi Building Chemical Product Trade Center

*OW0307021194 Beijing XINHUA in English 0148
GMT 3 Jul 94*

[Text] Xian, July 3 (XINHUA)—The construction of a chemical product trade center has started in this capital city of northwest China's Shaanxi Province.

Jointly funded by the Shaanxi Huaxia (Group) Company and the Yanta District of Xian, with investment of 66 million yuan, the trade center is the biggest of its kind in the northwest.

Covering an area of nearly 10 ha, it will specialize in wholesale and information exchange for chemical products, raw materials and equipment for the chemical industry.

It will have a trading hall, warehouses, restaurants and a hotel, with a total construction area of 93,600 sq. m.

It is expected to go into operation by the end of this year.

Xinjiang Export Commodities Fair Closes in Kazakhstan

*OW0207055494 Beijing XINHUA in English 0521
GMT 2 Jul 94*

[Text] Almaty, July 1 (XINHUA)—The five-day fair of export commodities staged by the Xinjiang Uygur Autonomous Region closed here today after active trading.

The Chinese side signed 11.78 million U.S. dollars worth of sales contracts with Kazakhstan through June 30.

More than 100 kinds of quality products made by enterprises in Xinjiang and other provinces were presented at the fair.

Articles of daily use, light industrial products, clothing, children's bicycles, and tomato ketchup were items popular at the show.

Uygur Region Reports Good Results in Animal Husbandry

*OW0507110994 Beijing XINHUA in English 1033
GMT 5 Jul 94*

[Text] Urumqi, July 5 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region, one of the country's five major pastoral areas, reported a good harvest in animal husbandry despite severe cold and blizzards earlier this year.

By the end of June the region had bred 44.21 million head of livestock, 448,000 more than last year.

In the first half of this year 5.54 million head of livestock were slaughtered, yielding 201,500 tons of meat, showing an increase of 23,300 tons compared with last year's corresponding period.

Xinjiang has had good harvest of animal husbandry for 17 years running. The region is now second only to the Inner Mongolia Autonomous Region in terms of the area of pastures and the number of livestock.

According to local officials, the per capita income of local herdsmen will increase by 10 percent to reach 770 yuan this year.

Hong Kong

CPC Said Planning To Deal With 'Hostile Forces' Before '97

HK0507035794 Hong Kong LIEN HO PAO in Chinese
5 Jul 94 p 2

[Report from Shanghai by special correspondent Yun Hsiang (0061 4382): "Jiang Zemin Is Dissatisfied With Legislative Council Approval of Patten's Package and Warns Against Turning Hong Kong Into a Base for Subversion"]

[Text] An informed source in Beijing disclosed that several days ago CPC General Secretary Jiang Zemin expressed dissatisfaction over the result of the Hong Kong Legislative Council's vote on the constitutional reform package. He asserted that it is absolutely impermissible to turn Hong Kong into a base for subversion, and instructed the relevant department to strengthen control over reactionary forces in the Hong Kong area to ensure steady recovery of sovereignty in 1997.

On the Legislative Council's ratification of the second part of Chris Patten's constitutional reform package not long ago, Jiang

Zemin stressed that Hong Kong must absolutely not be allowed to remain a foreign forces' sphere of influence after 1997 or be turned into a base for subversion, adding that to fully manifest Chinese sovereignty, China must now make good preparations.

As disclosed, the high-level CPC leadership has started drawing up a plan to deal with hostile forces and publications in Hong Kong before 1997, to ensure Hong Kong's stable political future.

A high-level person indicated that apart from anticommunist organizations, culture is an extremely important link in the ideological field; therefore close attention must be paid to publications' political trend. In addition, the relevant department has asked institutions at all levels to take serious account of secrecy work and act in coordination with Hong Kong's steady transition in the run-up to 1997.

Macao

Macao To Close DPRK's Mission Over Counterfeit Case

SK0107121994 Seoul YONHAP in English 1124 GMT 1 Jul 94

[Text] Hong Kong, July 1 (YONHAP)—The Macao Government has decided to close down North Korea's Chogwang Trading Co., the de facto Pyongyang mission in Macao, very shortly for its involvement in the circulation of counterfeit 100-U.S.-dollar notes, informed sources in Macao said on Friday.

The sources said the decision was made after Pak Cha-pyong, head of Chogwang trading, four other North Koreans and a Chinese were found to have been directly involved in the circulation of counterfeit notes through the North Korean Trading Co.

One source said, "I understand Chogwang will be closed down in a week." Another source said the company's business permit would be revoked soon after it is criminally sued.

A court source said the six people, under arrest at a Macao prosecutor's office, began to be questioned at 12 noon Friday, adding they employed four attorneys.

Of the six, Pak Cha-pyong was a vice-minister-level official in North Korea, who, along with another, carried North Korean diplomat's passports, while the three remaining North Koreans had public official's passports of North Korea.

A Macao police source said the bogus notes these North Koreans had circulated could reach hundreds of thousand dollars to several million.

Saying that the recent raid on 12 North Koreans' apartments in Macao failed to find any printing machines, the source said the police believe the counterfeit bills might have been printed in either China or North Korea.

A group of American counterfeit experts flew into Macao on last June 19, who were stunned at the high exquisiteness of the counterfeits the North Koreans had put into circulation, the source added.

Journalists Urge Investigation of Press Freedom Violations

HK0507070794 Hong Kong SOUTH CHINA MORNING POST in English 5 Jul 94 p 4

[By Victoria Finlay]

[Text] Macao Government's radio station was accused yesterday of self-censorship while reporting on a controversial story on freedom of the local press. The executive committee of Teledifusao de Macao (TdM) denied the allegation.

Paulo Reis, editor of local newspaper GAZETA MACAENSE, said TdM deliberately underplayed news of a plea by 17 journalists in Macao—the majority of non-government, non-news agency Portuguese journalists in the enclave—for Portuguese President Mario Soares to investigate violations of press freedom. Dr Soares had responded: "We are a country of liberty and will continue to be so, especially in (Macao)."

Mr Reis said the station broadcast the item in only three of seven news slots on Saturday [2 July] and omitted the "crucial" part of Dr Soares' reaction referring to Macao. Mr Reis said: "This is a public station, and its statutes clearly state that they are obliged to give an impartial

news service to the people of Macao. This does not seem to have happened this weekend."

He said most local Portuguese newspapers had led with the story, because it was the first time there had been collective acknowledgement in the media of a problem with press freedom in Macao. Also, the last part of the President's statement suggested his support.

The journalists' plea accuses Macao's judiciary of lacking independence. The 1992 revision of the judicial system "fails to safeguard fundamental rights" set out in the Sino-Portuguese Joint Declaration, the plea says. It was written after Mr Reis was prosecuted for publishing an article criticising the presiding judge of the Macao Supreme Court.

TdM held an emergency staff meeting last night to discuss the allegations, which were denied by editor-in-chief Fatima Cid. A statement from the company's executive committee claimed that TdM quoted Dr Soares through out the day and said it was requesting an apology from GAZETA MACAENSE for "ill grounded" claims. TdM is 50.5 percent government-owned. The remainder is shared between Stanley Ho's group STdM Nam Kwong Group (the Chinese de facto trade mission in Macao) and Edmund Ho Hau-wah, a Standing Committee member of the National People's Congress.

Government To Rehire Fired Human Rights Campaigner

HK0507070994 Hong Kong EASTERN EXPRESS in English 5 Jul 94 p 7

[By Harald Bruning in Macao]

[Text] The Macao government has offered a job to a teacher and human rights campaigner who was told her civil service contract would not be renewed this year. Amnesty International raised concerns that the teacher,

who is also a member of the human rights watchdog, was losing her position because of her work for the group.

In a letter to Amnesty International sent yesterday, the Governor of Macao, General Vasco Rocha Vieira, said Isabel Maria da Costa Morais lost her job at the government's Languages Diffusion Centre because of a "clear administrative decision within the framework of human resources management". In his reply to Amnesty, the deputy secretary-general, Derek Evans, said Vieira rejected allegations that Morais had been sacked because of her Amnesty membership.

Morais has campaigned against the extraditions of criminal suspects to China from Macao, including that of a Hong Kong man wanted for murder in China.

Vieira says in the letter, a copy of which has been obtained by EASTERN EXPRESS: "In order that no doubts remain at all as (to) the recognition of Amnesty International's relevant work and in line with your interests, Ms Morais will be asked what other position she intends to take up in (the Macao government) in order that she will be able to continue her activities as an Amnesty International member in Macao".

The Governor's reply was welcomed by local human rights activists, who believe that Vieira's response was prompted by the intervention of Portuguese President Mario Soares. Soares, a one-time political prisoner during the Salazar regime in Portugal, once the target of Amnesty campaigns, last week told Vieira to "pay attention to the gravity of what Amnesty International is saying". Soares, known for his strong support for human rights, is personally responsible for all issues affecting Macao.

Morais, an active Amnesty campaigner in Macao since 1987, received a letter from the office of the under-secretary for administration, education and youth, Jorge Rangel, on June 16, which said her contract as a teacher would not be renewed.

Amnesty has expressed concern over the inadequate coverage of human rights in Macao's Basic Law.

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